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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

LOK SABHA

The following Bill was introduced in the Lok Sabha on 28th February, 2007:—

BILL NO. 22 OF 2007

A Bill to give effect to the financial proposals of the Central Government for the financial year 2007-2008.

BE it enacted by Parliament in the Fifty-eighth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (*1*) This Act may be called the Finance Act, 2007. Short title and commence-ment.

(*2*) Save as otherwise provided in this Act, sections 2 to 84 shall be deemed to have come into force on the 1st day of April, 2007.

CHAPTER II

RATES OF INCOME-TAX

2. (*1*) Subject to the provisions of sub-sections (*2*) and (*3*), for the assessment year commencing on the 1st day of April, 2007, income-tax shall be charged at the rates specified in Part I of the First Schedule and such tax as reduced by the rebate of income-tax calculated under Chapter VIII-A of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) shall be increased by a surcharge for purposes of the Union calculated in each case in the manner provided therein. Income-tax

43 of 1961.

(*2*) In the cases to which Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding five thousand rupees, in addition to total income, and the total income exceeds one lakh rupees, then,—

(*a*) the net agricultural income shall be taken into account, in the manner provided in clause (*b*) [that is to say, as if the net agricultural income were comprised in the total income after the first one lakh rupees of the total income but without being liable to tax], only for the purpose of charging income-tax in respect of the total income; and

(*b*) the income-tax chargeable shall be calculated as follows:—

(*i*) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

(*ii*) the net agricultural income shall be increased by a sum of one lakh rupees, and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income as so increased were the total income;

(*iii*) the amount of income-tax determined in accordance with sub-clause (*i*) shall be reduced by the amount of income-tax determined in accordance with sub-clause (*ii*) and the sum so arrived at shall be the income-tax in respect of the total income:

Provided that in the case of every woman, resident in India and below the age of sixty-five years at any time during the previous year, referred to in item (*II*) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words "one lakh rupees", the words "one lakh thirty-five thousand rupees" had been substituted:

Provided further that in the case of every individual, being a resident in India, who is of the age of sixty-five years or more at any time during the previous year, referred to in item (*III*) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words "one lakh rupees", the words "one lakh eighty-five thousand rupees" had been substituted:

Provided also that the amount of income-tax so arrived at, as reduced by the amount of rebate of income-tax calculated under Chapter VIII-A of the Income-tax Act, shall be increased by a surcharge for purposes of the Union calculated in each case in the manner provided in that Paragraph and the sum so arrived at shall be the income-tax in respect of the total income.

(*3*) In cases to which the provisions of Chapter XII or Chapter XII-A or Chapter XII-H or section 115JB or sub-section (*1A*) of section 161 or section 164 or section 164A or section 167B of the Income- tax Act apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (*1*) or the rates as specified in that Chapter or section, as the case may be:

Provided that the amount of income-tax computed in accordance with the provisions of section 111A or section 112 shall be increased by a surcharge for purposes of the Union as provided in Paragraph A, B, C, D or E, as the case may be, of Part I of the First Schedule:

Provided further that in respect of any income chargeable to tax under sections 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BB, 115BBA, 115BBC, 115E and 115JB or fringe benefits chargeable to tax under section 115WA of the Income-tax Act, the amount of income-tax computed under this sub-section shall be increased by a surcharge for purposes of the Union, calculated,—

(*a*) in the case of every individual, Hindu undivided family, association of persons and body of individuals, whether incorporated or not, at the rate of ten per cent of such income-tax where the total income or fringe benefits, as the case may be, exceeds ten lakh rupees;

(*b*) in the case of every firm, artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, and domestic company at the rate of ten per cent. of such income-tax;

(*c*) in the case of every company, other than a domestic company, at the rate of two and one-half per cent. of such income-tax.

(*4*) In cases in which tax has to be charged and paid under section 115-O or sub-section (*2*) of section 115R of the Income-tax Act, the tax shall be charged and paid at the rate as specified in those sections and shall be increased by a surcharge for purposes of the Union, calculated at the rate of ten per cent. of such tax.

(*5*) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, at the rates in force, the deductions shall be made at the rates specified in Part II of the First Schedule and shall be increased, by a surcharge for purposes of the Union, calculated in each case, in the manner provided therein.

(*6*) In cases in which tax has to be deducted under sections 194C, 194E, 194EE, 194F, 194G, 194H, 194-I, 194J, 194LA, 196B, 196C and 196D of the Income-tax Act, the deductions shall be made at the rates specified in those sections and shall be increased by a surcharge for purposes of the Union, calculated,—

(*a*) in the case of every individual, Hindu undivided family, association of persons and body of individuals, whether incorporated or not, at the rate of ten per cent. of such tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten lakh rupees;

(*b*) in the case of every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, at the rate of ten per cent. of such tax;

(*c*) in the case of every firm and domestic company, at the rate of ten per cent. of such tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees;

(*d*) in the case of every company, other than a domestic company, at the rate of two and one-half per cent. of such tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees.

(*7*) In cases in which tax has to be collected under the proviso to section 194B of the Income-tax Act, the collection shall be made at the rates specified in Part II of the First Schedule, and shall be increased, by a surcharge for purposes of the Union, calculated in the manner provided therein.

(*8*) In cases in which tax has to be collected under section 206C of the Income-tax Act, the collection shall be made at the rates specified in that section and shall be increased by a surcharge for purposes of the Union, calculated,—

(*a*) in the case of every individual, Hindu undivided family, association of persons and body of individuals, whether incorporated or not, at the rate of ten per cent. of such tax where the amount or the aggregate of such amounts collected, and subject to the collection, exceeds ten lakh rupees;

(*b*) in the case of every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, at the rate of ten per cent. of such tax;

(*c*) in the case of every firm and domestic company at the rate of ten per cent. of such tax where the amount or the aggregate of such amounts collected, and subject to the collection, exceeds one crore rupees;

(*d*) in the case of every company, other than a domestic company, at the rate of two and one-half per cent. of such tax where the amount or the aggregate of such amounts collected, and subject to the collection, exceeds one crore rupees.

(*9*) Subject to the provisions of sub-section (*10*), in cases in which income-tax has to be charged under sub-section (*4*) of section 172 or sub-section (*2*) of section 174 or section 174A or section 175 or sub-section (*2*) of section 176 of the Income-tax Act or deducted from, or paid on, income chargeable under the head "Salaries" under section 192 of the said Act or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so charged, deducted or computed at the rate or rates specified in Part III of the First Schedule and such tax as reduced by the rebate of income-tax calculated under Chapter VIII-A of the said Act shall be increased by a surcharge for purposes of the Union, calculated in each case in the manner provided therein:

Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or Chapter XII-H or section 115JB or sub-section (*1A*) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be:

Provided further that the amount of "advance tax" computed in accordance with the provisions of section 111A or section 112 of the Income-tax Act shall be increased by a surcharge for purposes of the Union as provided in Paragraph A, B, C, D or E, as the case may be, of Part III of the First Schedule:

Provided also that in respect of any income chargeable to tax under sections 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BB, 115BBA, 115BBC, 115E and 115JB of the Income-tax Act, "advance tax" computed under the first proviso shall be increased by a surcharge for purposes of the Union, calculated,—

(*a*) in the case of every individual, Hindu undivided family, association of persons and body of individuals, whether incorporated or not, at the rate of ten per cent. of "advance tax" where the total income exceeds ten lakh rupees;

(*b*) in the case of every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, at the rate of ten per cent. of such "advance tax";

(*c*) in the case of every firm and domestic company, at the rate of ten per cent. of such "advance tax" where the total income exceeds one crore rupees;

(*d*) in the case of every company, other than a domestic company, at the rate of two and one-half per cent. of such "advance tax" where the total income exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds one crore rupees, the total amount payable as "advance tax" and surcharge on such income shall not exceed the total amount payable as "advance tax" on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees :

Provided also that in respect of any fringe benefits chargeable to tax under section 115WA of the Income-tax Act, "advance tax" computed under the first proviso shall be increased by a surcharge for purposes of the Union, calculated,—

(*a*) in the case of every association of persons and body of individuals, whether incorporated or not, at the rate of ten per cent. of "advance tax" where the fringe benefits exceed ten lakh rupees;

(*b*) in the case of every firm, artificial juridical person referred to in sub-clause (*v*) of clause (*a*) of section 115W of the Income-tax Act, and domestic company, at the rate of ten per cent. of such "advance tax";

(*c*) in the case of every company, other than a domestic company, at the rate of two and one-half per cent. of such "advance tax".

(*10*) In cases to which Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income exceeding five thousand rupees, in addition to total income and the total income exceeds one lakh ten thousand rupees, then, in charging income-tax under sub-section (*2*) of section 174 or section 174A or section 175 or sub-section (*2*) of section 176 of the said Act or in computing the "advance tax" payable under Chapter XVII-C of the said Act, at the rate or rates in force,—

(*a*) the net agricultural income shall be taken into account, in the manner provided in clause (*b*) [that is to say, as if the net agricultural income were comprised in the total income after the first one lakh ten thousand rupees of the total income but without being liable to tax], only for the purpose of charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

(*b*) such income-tax or, as the case may be, "advance tax" shall be so charged or computed as follows:—

(*i*) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

(*ii*) the net agricultural income shall be increased by a sum of one lakh ten thousand rupees, and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income were the total income;

(*iii*) the amount of income-tax or "advance tax" determined in accordance with sub-clause (*i*) shall be reduced by the amount of income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause (*ii*) and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income:

Provided that in the case of every woman, resident in India and below the age of sixty-five years at any time during the previous year, referred to in item (*II*) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words "one lakh ten thousand rupees", the words "one lakh forty-five thousand rupees" had been substituted:

Provided further that in the case of every individual, being a resident in India, who is of the age of sixty-five years or more at any time during the previous year, referred to in item (*III*) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words "one lakh ten thousand rupees", the words "one lakh ninety-five thousand rupees" had been substituted:

Provided also that the amount of income-tax or "advance tax" so arrived at, as reduced by the rebate of income-tax calculated under Chapter VIII-A of the said Act, shall be increased by a surcharge for purposes of the Union calculated in each case, in the manner provided therein.

(*11*) The amount of income-tax as specified in sub-sections (*1*) to (*10*) and as increased by a surcharge for purposes of the Union calculated in the manner provided therein, shall be further increased by an additional surcharge for purposes of the Union, to be called the "Education Cess on income-tax", calculated at the rate of two per cent. of such income-tax and surcharge, so as to fulfil the commitment of the Government to provide and finance universalised quality basic education.

(12) The amount of income-tax as specified in sub-sections (*4*) to (*10*) and as increased by a surcharge for purposes of the Union calculated in the manner provided therein, shall be also increased by an additional surcharge for purposes of the Union, to be called the "Secondary and Higher Education Cess on income-tax", calculated at the rate of one per cent of such income-tax and surcharge, so as to fulfil the commitment of the Government to provide and finance secondary and higher education.

(*13*) For the purposes of this section and the First Schedule,—

(*a*) "domestic company" means an Indian company or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 2007, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income;

(*b*) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(*c*) "net agricultural income", in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(*d*) all other words and expressions used in this section and the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings respectively assigned to them in that Act.

CHAPTER III

DIRECT TAXES

Income-tax

Amendment of section 2.

3. In section 2 of Income-tax Act,—

(*a*) after clause (*1B*), the following clauses shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1994, namely:—

'(*1C*) "Additional Commissioner" means a person appointed to be an Additional Commissioner of Income-tax under sub-section (*1*) of section 117;

(*1D*) "Additional Director" means a person appointed to be an Additional Director of Income-tax under sub-section (*1*) of section 117;';

(*b*) in clause (*7A*),—

(*i*) after the words "any other provision of this Act, and the", the words "Additional Commissioner or" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1994;

(*ii*) after the words "Additional Commissioner or", as so inserted, the words "Additional Director or," shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1996;

(*c*) after clause (*9A*), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1988, namely:—

'(*9B*) "Assistant Director" means a person appointed to be an Assistant Director of Income-tax under sub-section (*1*) of section 117;';

(*d*) in clause (*14*), for sub-clause (*ii*), the following shall be substituted with effect from the 1st day of April, 2008, namely:—

'(*ii*) personal effects, that is to say, movable property (including wearing apparel and furniture) held for personal use by the assessee or any member of his family dependent on him, but excludes—

(*a*) jewellery;

(*b*) archaeological collections;

(*c*) drawings;

(*d*) paintings;

(*e*) sculptures; or

(*f*) any work of art.

Explanation.—For the purposes of this sub-clause, "jewellery" includes—

(*a*) ornaments made of gold, silver, platinum or any other precious metal or any alloy containing one or more of such precious metals, whether or not containing any precious or semi-precious stone, and whether or not worked or sewn into any wearing apparel;

(*b*) precious or semi-precious stones, whether or not set in any furniture, utensil or other article or worked or sewn into any wearing apparel;';

(*e*) in clause (*24*), after sub-clause (*xiii*), the following sub-clause shall be inserted, namely:—

"(*xiv*) any sum referred to in clause (*vi*) of sub-section (*2*) of section 56;";

(*f*) for clause (*25A*), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 25th day of August, 1976, namely:—

'(*25A*) "India" means the territory of India as referred to in article 1 of the Constitution, its territorial waters, seabed and subsoil underlying such waters, continental shelf, exclusive economic zone or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976, and the air space above its territory and territorial waters;'.

80 of 1976.

4. In section 7 of the Income-tax Act, in clause (*iii*), for the words "Central Government", the words "Central Government or any other employer" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2004. **Amendment of section 7.**

5. In section 9 of the Income-tax Act, after sub-section (*2*), the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1976, namely:— **Amendment of section 9.**

"*Explanation.*—For the removal of doubts, it is hereby declared that for the purposes of this section, where income is deemed to accrue or arise in India under clauses (*v*), (*vi*) and (*vii*) of sub-section (*1*), such income shall be included in the total income of the non-resident, whether or not the non-resident has a residence or place of business or business connection in India.".

6. In section 10 of the Income-tax Act,— **Amendment of section 10.**

(*a*) after clause (*10BB*), the following shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2005, namely:—

'(*10BC*) any amount received or receivable from the Central Government or a State Government or a local authority by an individual or his legal heir by way of compensation on account of any disaster, except the amount received or receivable to the extent such individual or his legal heir has been allowed a deduction under this Act on account of any loss or damage caused by such disaster.

Explanation.—For the purposes of this clause, the expression "disaster" shall have the meaning assigned to it under clause (*d*) of section 2 of the Disaster Management Act, 2005;';

53 of 2005.

(*b*) in clause (*15*), —

(A) in sub-clause (*iv*), in item (*fa*), for the *Explanation*, the following *Explanation* shall be substituted, namely:—

'*Explanation.*—For the purposes of this item, the expression "scheduled bank" means the State Bank of India constituted under the State Bank of India Act, 1955, a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959, a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, or under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, or any other bank being a bank included in the Second Schedule to the Reserve Bank of India Act, 1934, but does not include a co-operative bank;'; 23 of 1955. 38 of 1959. 5 of 1970. 40 of 1980. 2 of 1934.

(*B*) for sub-clause (*vii*), the following shall be substituted with effect from the 1st day of April, 2008, namely:—

'(*vii*) interest on bonds—

(*a*) issued by a local authority or by a State Pooled Finance Entity; and

(*b*) specified by the Central Government by notification in the Official Gazette.

Explanation.—For the purposes of this sub-clause, the expression "State Pooled Finance Entity" shall mean such entity which is set up in accordance with the guidelines for the Pooled Finance Development Scheme notified by the Central Government in the Ministry of Urban Development;';

(*c*) in clause (23BBD), for the words, figures and letters "seven previous years relevant to the assessment years beginning on the 1st day of April, 2001 and ending on the 31st day of March, 2008", the words, figures and letters "ten previous years relevant to the assessment years beginning on the 1st day of April, 2001 and ending on the 31st day of March, 2011" shall be substituted with effect from the 1st day of April, 2008;

(*d*) after clause (*23BBF*), the following clause shall be inserted with effect from the 1st day of April, 2008, namely:—

"(*23BBG*) any income of the Central Electricity Regulatory Commission constituted under sub-section (*1*) of section 76 of the Electricity Act, 2003;"; 36 of 2003.

(*e*) in clause (*23C*), with effect from the 1st day of June, 2007,—

(*A*) in sub-clause (*iv*), for the words "which may be notified by the Central Government in the Official Gazette", the words "which may be approved by the prescribed authority" shall be substituted;

(*B*) in sub-clause (*v*), for the words "which may be notified by the Central Government in the Official Gazette", the words "which may be approved by the prescribed authority" shall be substituted;

(*C*) for the second proviso, the following proviso shall be substituted, namely:—

"Provided further that the prescribed authority, before approving any fund or trust or institution or any university or other educational institution or any hospital or other medical institution, under sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*), may call for such documents (including audited annual accounts) or information from the fund or trust or institution or any university or other educational

institution or any hospital or other medical institution, as the case may be, as it thinks necessary in order to satisfy itself about the genuineness of the activities of such fund or trust or institution or any university or other educational institution or any hospital or other medical institution, as the case may be, and the prescribed authority may also make such inquiries as it deems necessary in this behalf:";

(*D*) in the ninth proviso, for the words, brackets, figures and letter "every notification under sub-clause (*iv*) or sub-clause (*v*) shall be issued or approval under sub-clause (*vi*) or sub-clause (*via*)", the words, brackets, figures and letter "every notification under sub-clause (*iv*) or sub-clause (*v*) shall be issued or approval under sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*)" shall be substituted;

(*E*) in the thirteenth proviso, after the words "Central Government", the words "or is approved by the prescribed authority, as the case may be," shall be inserted;

(*F*) after the fifteenth proviso, the following proviso shall be inserted, namely:—

"Provided also that all pending applications, on which no notification has been issued under sub-clause (*iv*) or sub-clause (*v*) before the 1st day of June, 2007, shall stand transferred on that day to the prescribed authority and the prescribed authority may proceed with such applications under those sub-clauses from the stage at which they were on that day;";

(*f*) after clause (*23EB*), the following shall be inserted with effect from the 1st day of April, 2008, namely:—

'(*23EC*) any income, by way of contributions received from commodity exchanges and the members thereof, of such Investor Protection Fund set up by commodity exchanges in India, either jointly or separately, as the Central Government may, by notification in the Official Gazette, specify in this behalf:

Provided that where any amount standing to the credit of the said Fund and not charged to income-tax during any previous year is shared, either wholly or in part, with a commodity exchange, the whole of the amount so shared shall be deemed to be the income of the previous year in which such amount is so shared and shall accordingly be chargeable to income-tax.

Explanation.—For the purposes of this clause, "commodity exchange" shall mean a "registered association" as defined in clause (*jj*) of section 2 of the Forward Contracts (Regulation) Act, 1952;'; 74 of 1952.

(*g*) in clause (*23FB*), with effect from the 1st day of April, 2008,—

(*i*) for the words "set up to raise funds for investment", the words "from investment" shall be substituted;

(*ii*) in *Explanation 1*, for clause (*c*), the following clause shall be substituted, namely:—

'(*c*) "venture capital undertaking" means such domestic company whose shares are not listed in a recognised stock exchange in India and which is engaged in the—

(*i*) business of—

(*A*) nanotechnology;

(*B*) information technology relating to hardware and software development;

(C) seed research and development;

(D) bio-technology;

(E) research and development of new chemical entities in the pharmaceutical sector;

(F) production of bio-fuels; or

(G) building and operating composite hotel-cum-convention centre with seating capacity of more than three thousand; or

(H) biotechnology or poultry industry;".

Amendment of section 10AA.

9. In section 10AA of the said Act, for sub-section (4), the following sub-section shall be substituted, and shall be deemed to have been substituted with effect from the 10th day of February, 2006, namely:—

"(4) This section applies to any undertaking, being the Unit, which fulfils all the following conditions, namely:—

(i) it has begun or begins to manufacture or produce articles or things or provide services during the previous year relevant to the assessment year commencing on or after the 1st day of April, 2006 in any Special Economic Zone;

(ii) it is not formed by the splitting up, or the reconstruction, of a business already in existence:

Provided that this condition shall not apply in respect of any undertaking, being the Unit, which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such undertaking as is referred to in section 33B, in the circumstances and within the period specified in that section;

(iii) it is not formed by the transfer to a new business, of machinery or plant previously used for any purpose.

Explanation.—The provisions of *Explanations 1* and *2* to sub-section (*3*) of section 80-IA shall apply for the purposes of clause (*iii*) of this sub-section as they apply for the purposes of clause (*ii*) of that sub-section.".

Amendment of section 12A.

8. In section 12A of the Income-tax Act, with effect from the 1st day of June, 2007,—

(*a*) for the marginal heading, the following marginal heading shall be substituted, namely:—

"Conditions for applicability of sections 11 and 12.";

(*b*) the existing section 12A shall be renumbered as sub-section (*1*) thereof, and in sub-section (*1*) as so renumbered,—

(*i*) in clause (*a*), after the proviso, the following proviso shall be inserted, namely:—

"Provided further that the provisions of this clause shall not apply in relation to any application made on or after the 1st day of June, 2007;";

(*ii*) after clause (*a*), the following clause shall be inserted, namely:—

"(*aa*) the person in receipt of the income has made an application for registration of the trust or institution on or after the 1st day of June, 2007 in the prescribed form and manner to the Commissioner and such trust or institution is registered under section 12AA;";

(*c*) after sub-section (*1*) as so renumbered, the following sub-section shall be inserted, namely:—

"(*2*) Where an application has been made on or after the 1st day of June, 2007, the provisions of sections 11 and 12 shall apply in relation to the income of such trust or institution for the assessment year immediately following the financial year in which such application is made.".

Amendment of section 12AA.

9. In section 12AA of the Income-tax Act, with effect from the 1st day of June, 2007,—

(*a*) in sub-section (*1*), after the word, brackets and letter "clause (*a*)", the words, brackets, letters and figure "or clause (*aa*) of sub-section (*1*)" shall be inserted;

(*b*) in sub-section (*2*), after the word, brackets and letter "clause (*a*)", the words, brackets, letters and figure "or clause (*aa*) of sub-section (*1*)" shall be inserted.

Amendment of section 17.

10. In section 17 of the Income-tax Act,—

(*a*) in clause (*1*), in sub-clause (*viii*), for the words "Central Government", the words "Central Government or any other employer" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2004;

(*b*) in clause (*2*),—

(*A*) after sub-clause (*ii*),—

(*i*) the following *Explanations* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2002, namely:—

"*Explanation 1.*—For the purposes of this sub-clause, concession in the matter of rent shall be deemed to have been provided if,—

(*a*) in a case where an unfurnished accommodation is provided by any employer other than the Central Government or any State Government and—

(*i*) the accommodation is owned by the employer, the value of the accommodation determined at the rate of ten per cent. of salary in cities having population exceeding four lakhs as per 1991 census and seven and one-half per cent. of salary in other cities, in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from, or payable by, the assessee;

(*ii*) the accommodation is taken on lease or rent by the employer, the value of the accommodation being the actual amount of lease rental paid or payable by the employer or ten per cent. of salary, whichever is lower, in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from, or payable by, the assessee;

(*b*) in a case where a furnished accommodation is provided by the Central Government or any State Government, the licence fee determined by the Central Government or any State Government in respect of the accommodation in accordance with the rules framed by such Government as increased by the value of furniture and fixtures in respect of

the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the aggregate of the rent recoverable from, or payable by, the assessee and any charges paid or payable for the furniture and fixtures by the assessee;

(*c*) in a case where a furnished accommodation is provided by an employer other than Central Government or any State Government and—

(*i*) the accommodation is owned by the employer, the value of the accommodation determined under sub-clause (*i*) of clause (*a*) as increased by the value of the furniture and fixtures in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from, or payable by, the assessee;

(*ii*) the accommodation is taken on lease or rent by the employer, the value of the accommodation determined under sub-clause (*ii*) of clause (*a*) as increased by the value of the furniture and fixtures in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from, or payable by, the assessee;

(*d*) in a case where the accommodation is provided by the employer in a hotel (except where the assessee is provided such accommodation for a period not exceeding in aggregate fifteen days on his transfer from one place to another), the value of the accommodation determined at the rate of twenty-four per cent. of salary paid or payable for the previous year or the actual charges paid or payable to such hotel, whichever is lower, for the period during which such accommodation is provided, exceeds the rent recoverable from, or payable by, the assessee.

Explanation 2.—For the purposes of this sub-clause, value of furniture and fixture shall be ten per cent. per annum of the cost of furniture (including television sets, radio sets, refrigerators, other household appliances, airconditioning plant or equipment or other similar appliances or gadgets) or if such furniture is hired from a third party, the actual hire charges payable for the same as reduced by any charges paid or payable for the same by the assessee during the previous year.";

(*ii*) in the *Explanation 1* as so inserted, for clause (*a*), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2006, namely:—

"(*a*) in a case where an unfurnished accommodation is provided by any employer other than Central Government or any State Government and—

(*i*) the accommodation is owned by the employer, the value of the accommodation determined at the rate of twenty per cent. of salary in cities having population exceeding four lakhs as per 2001 census and fifteen per cent. of salary in

other cities, in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from, or payable by, the assessee;

(*ii*) the accommodation is taken on lease or rent by the employer, the value of the accommodation being the actual amount of lease rental paid or payable by the employer or twenty per cent. of salary, whichever is lower, in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from, or payable by, the assessee;";

(*B*) in sub-clause (*iii*), the proviso shall be omitted with effect from the 1st day of April, 2008.

Amendment of section 35.

11. In section 35 of the Income-tax Act, in sub-section (*2AB*), in clause (*5*), for the figures, letters and words "31st day of March, 2007", the figures, letters and words "31st day of March, 2012" shall be substituted with effect from the 1st day of April, 2008.

Amendment of section 36.

12. In section 36 of the Income-tax Act, in sub-section (*1*),—

(*A*) in clause (*ib*), for the words "paid by cheque", the words "paid by any mode of payment other than cash" shall be substituted with effect from the 1st day of April, 2008;

(*B*) in clause (*viia*),—

(*a*) in sub-clause (*a*), after the words "or a non-scheduled bank", the words "or a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank" shall be inserted;

(*b*) in the *Explanation*,—

(*i*) in clause (*ii*) at the end, the words ", but does not include a co-operative bank" shall be omitted;

(*ii*) after clause (*v*), the following clause shall be inserted, namely:—

'(*vi*) "co-operative bank", "primary agricultural credit society" and "primary co-operative agricultural and rural development bank" shall have the meanings respectively assigned to them in the *Explanation* to sub-section (*4*) of section 80P;';

(*C*) for clause (*viii*), the following shall be substituted with effect from the 1st day of April, 2008, namely:—

'(*viii*) in respect of any special reserve created and maintained by a specified entity, an amount not exceeding twenty per cent. of the profits derived from eligible business computed under the head "Profits and gains of business or profession" (before making any deduction under this clause) carried to such reserve account:

Provided that where the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and of the general reserves of the specified entity, no allowance under this clause shall be made in respect of such excess.

Explanation.—In this clause,—

(*a*) "specified entity" means,—

(*i*) a financial corporation specified in section 4A of the Companies Act, 1956;

1 of 1956.

(*ii*) a financial corporation which is a public sector company;

(*iii*) a banking company;

(*iv*) a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank;

(*v*) a housing finance company; and

(*vi*) any other financial corporation including a public company;

(*b*) "eligible business" means,—

(*i*) in respect of the specified entity referred to in sub-clause (*i*) or sub-clause (*ii*) or sub-clause (*iii*) or sub-clause (*iv*) of clause (*a*), the business of providing long-term finance in India for industrial or agricultural development or development of infrastructure facility;

(*ii*) in respect of the specified entity referred to in sub-clause (*v*) of clause (*a*), the business of providing long-term finance for the construction or purchase of houses in India for residential purposes; and

(*iii*) in respect of the specified entity referred to in sub-clause (*vi*) of clause (*a*), the business of providing long-term finance for development of infrastructure facility in India;

(*c*) "banking company" means a company to which the Banking Regulation Act, 1949 applies and includes any bank or banking institution referred to in section 51 of that Act; 10 of 1949.

(*d*) "co-operative bank", "primary agricultural credit society" and "primary co-operative agricultural and rural development bank" shall have the meanings respectively assigned to them in the *Explanation* to sub-section (*4*) of section 80P;

(*e*) "housing finance company" means a public company formed or registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes;

(*f*) "public company" shall have the meaning assigned to it in section 3 of the Companies Act, 1956; 1 of 1956.

(*g*) "infrastructure facility" means—

(*i*) an infrastructure facility as defined in the *Explanation* to clause (*i*) of sub-section (*4*) of section 80-IA, or any other public facility of a similar nature as may be notified by the Board in this behalf in the Official Gazette and which fulfils the conditions as may be prescribed;

(*ii*) an undertaking referred to in clause (*ii*) or clause (*iii*) or clause (*iv*) or clause (vi) of sub-section (*4*) of section 80-IA; and

(*iii*) an undertaking referred to in sub-section (*10*) of section 80-IB;

(*h*) "long-term finance" means any loan or advance where the terms under which moneys are loaned or advanced provide for repayment along with interest thereof during a period of not less than five years;';

(*D*) clause (*x*) shall be omitted with effect from the 1st day of April, 2008;

(*E*) for clause (*xii*), the following clause shall be substituted with effect from the 1st day of April, 2008, namely:—

"(*xii*) any expenditure (not being in the nature of capital expenditure) incurred by a corporation or a body corporate, by whatever name called, if,—

(*a*) it is constituted or established by a Central, State or Provincial Act;

(*b*) such corporation or body corporate, having regard to the objects and purposes of the Act referred to in sub-clause (*a*), is notified by the Central Government in the Official Gazette for the purposes of this clause; and

(*c*) the expenditure is incurred for the objects and purposes authorised by the Act under which it is constituted or established;",

(*F*) after clause (*xiii*), the following clause shall be inserted with effect from the 1st day of April, 2008, namely:—

'(*xiv*) any sum paid by a public financial institution by way of contribution to such credit guarantee fund trust for small industries as the Central Government may, by notification in the Official Gazette, specify in this behalf.

Explanation.—For the purposes of this clause, "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956;'. 1 of 1956

13. In section 40A of the Income-tax Act, for sub-section (*3*), the following shall be substituted with effect from the 1st day of April, 2008, namely:— Amendment of section 40A.

"(*3*) (*a*) Where the assessee incurs any expenditure in respect of which payment is made in a sum exceeding twenty thousand rupees otherwise than by an account payee cheque drawn on a bank or account payee bank draft, no deduction shall be allowed in respect of such expenditure;

(*b*) where an allowance has been made in the assessment for any year in respect of any liability incurred by the assessee for any expenditure and subsequently during any previous year (hereinafter referred to as subsequent year) the assessee makes payment in respect thereof, otherwise than by an account payee cheque drawn on a bank or account payee bank draft, the payment so made shall be deemed to be the profits and gains of business or profession and accordingly chargeable to income-tax as income of the subsequent year if the amount of payment exceeds twenty thousand rupees:

Provided that no disallowance shall be made and no payment shall be deemed to be the profits and gains of business or profession under this sub-section where any payment in a sum exceeding twenty thousand rupees is made otherwise than by an account payee cheque drawn on a bank or account payee bank draft, in such cases and under such circumstances as may be prescribed, having regard to the nature and extent of banking facilities available, considerations of business expediency and other relevant factors.".

14. In section 49 of the Income-tax Act, after sub-section (*2AA*), the following sub-section shall be inserted with effect from the 1st day of April, 2008, namely:— Amendment of section 49.

"(*2AB*) Where the capital gain arises from the transfer of specified security or sweat equity shares, the value of which has been taken into account while computing the value of fringe benefits under clause (*ba*) of sub-section (*1*) of section 115WC, the cost of acquisition of such security or shares shall be the value under that clause.".

Amendment of section 54EC.

15. In section 54EC of the Income-tax Act,—

(*a*) in sub-section (*1*), the following proviso shall be inserted, namely:—

"Provided that the investment made on or after the 1st day of April, 2007 in the long-term specified asset by an assessee during any financial year does not exceed fifty lakh rupees.";

(*b*) after sub-section (*3*), in the *Explanation*,—

(*i*) for clause (*b*), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2006, namely:—

'(*b*) "long-term specified asset" for making any investment under this section during the period commencing from the 1st day of April, 2006 and ending with the 31st day of March, 2007, means any bond, redeemable after three years and issued on or after the 1st day of April, 2006, but on or before the 31st day of March, 2007,—

(*i*) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or 68 of 1988.

(*ii*) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, 1 of 1956.

and notified by the Central Government in the Official Gazette for the purposes of this section with such conditions (including the condition for providing a limit on the amount of investment by an assessee in such bond) as it thinks fit:';

(*ii*) in clause (*b*) as so substituted, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2006, namely:—

"Provided that where any bond has been notified before the 1st day of April, 2007, subject to the conditions specified in the notification, by the Central Government in the Official Gazette under the provisions of clause (*b*) as they stood immediately before their amendment by the Finance Act, 2007, such bond shall be deemed to be a bond notified under this clause;";

(*iii*) after the proviso as so inserted, the following clause shall be inserted, namely:—

'(*ba*) "long-term specified asset" for making any investment under this section on or after the 1st day of April, 2007 means any bond, redeemable after three years and issued on or after the 1st day of April, 2007 by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.'. 68 of 1988. 1 of 1956.

Amendment of section 56.

16. In section 56 of the Income-tax Act, in sub-section (*2*), in clause (*v*), in the proviso, the following sub-clauses shall be deemed to have been inserted with effect from the 1st day of April, 2005, namely:—

"(*e*) from any local authority as defined in the Explanation to clause (*20*) of section 10; or

(*f*) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (*23C*) of section 10; or

(*g*) from any trust or institution registered under section 12AA.".

17. In section 72A of the Income-tax Act, for sub-section (*1*), the following sub-section shall be substituted with effect from the 1st day of April, 2008, namely:— **Amendment of section 72A.**

"(*1*) Where there has been an amalgamation of—

(*a*) a company owning an industrial undertaking or a ship or a hotel with another company; or

(*b*) a banking company referred to in clause (*c*) of section 5 of the Banking Regulation Act, 1949 with a specified bank; or 10 of 1949.

(*c*) one or more public sector company or companies engaged in the business of operation of aircraft with one or more public sector company or companies engaged in similar business,

then, notwithstanding anything contained in any other provision of this Act, the accumulated loss and the unabsorbed depreciation of the amalgamating company shall be deemed to be the loss or, as the case may be, allowance for unabsorbed depreciation of the amalgamated company for the previous year in which the amalgamation was effected, and other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly.".

18. In section 80AC of the Income-tax Act, after the word, figures and letters "section 80-IC", the words, figures and letters "or section 80-ID" shall be inserted with effect from the 1st day of April, 2008. **Amendment of section 80AC.**

19. In section 80CCD of the Income-tax Act,— **Amendment of section 80CCD.**

(*a*) in sub-section (*1*), for the words "employed by the Central Government", the words "employed by the Central Government or any other employer" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2004;

(*b*) in sub-section (*2*), for the words "Central Government" at both the places where they occur, the words "Central Government or any other employer" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2004.

20. In section 80D of the Income-tax Act, in sub-section (*1*), with effect from the 1st day of April, 2008,— **Amendment of section 80D.**

(a) for the words "paid by him by cheque", the words "paid by him by any mode of payment other than cash" shall be substituted;

(b) in clause (i), for the word "ten", the word "fifteen" shall be substituted;

(c) in clause (ii), for the word "ten", the word "fifteen" shall be substituted;

(d) in the proviso,—

(i) for the word "ten", the word "fifteen" shall be substituted;

(ii) for the word "fifteen", the word "twenty" shall be substituted;

21. In section 80E of the Income-tax Act, with effect from the 1st day of April, 2008,— **Amendment of section 80E.**

(*i*) in sub-section (*1*), after the words "higher education", the words "or for the purpose of higher education of his relative" shall be inserted;

(*ii*) in sub-section (*3*), after clause (*d*), the following clause shall be inserted, namely:—

'(*e*) "relative", in relation to an individual, means the spouse and children of that individual.'.

Amendment of section 80-IA.

22. In section 80-IA of the Income-tax Act,—

(*i*) in sub-section (*2*), after the words "distribution lines", the words "or lays and begins to operate a cross-country natural gas distribution network" shall be inserted with effect from the 1st day of April, 2008;

(*ii*) in sub-section (*3*), for the word, brackets and figures "clause (*iv*)", the words, brackets and figures "clause (*iv*) or clause (*vi*)" shall be substituted with effect from the 1st day of April, 2008;

(*iii*) in sub-section (*4*), with effect from the 1st day of April, 2008,—

(*A*) in clause (*i*), in the Explanation, in clause (*d*), for the words "or inland port", the words, "inland port or navigational channel in the sea" shall be substituted;

(*B*) in clause (*v*), in sub-clause (*b*), for the figures, letters and words "31st day of March, 2007", the figures, letters and words "31st day of March, 2008" shall be substituted;

(*C*) after clause (*v*), the following clause shall be inserted, namely:—

'(*vi*) any undertaking carrying on the business of laying and operating a cross-country natural gas distribution network, including pipelines and storage facilities being an integral part of such network, which fulfils the following conditions, namely:—

(*a*) it is owned by a company registered in India or by a consortium of such companies or by an authority or a board or a corporation established or constituted under any Central or State Act;

(*b*) it has been approved by the Petroleum and Natural Gas Regulatory Board established under sub-section (*1*) of section 3 of the Petroleum and Natural Gas Regulatory Board Act, 2006 and notified by the Central Government in the Official Gazette; 19 of 2006.

(*c*) one-third of its total pipeline capacity is available for use on common carrier basis by any person other than the assessee or an associated person;

(*d*) it has started or starts operating on or after the 1st day of April, 2007; and

(*e*) any other condition which may be prescribed.

Explanation.—For the purposes of this clause, an "associated person" in relation to the assessee means a person—

(*i*) who participates directly or indirectly or through one or more intermediaries in the management or control or capital of the assessee;

(*ii*) who holds, directly or indirectly, shares carrying not less than twenty-six per cent. of the voting power in the assessee;

(*iii*) who appoints more than half of the Board of directors or members of the governing board, or one or more executive directors or executive members of the governing board of the assessee; or

(*iv*) who guarantees not less than ten per cent. of the total borrowings of the assessee.';

(*iv*) after sub-section (*12*), the following sub-section shall be inserted with effect from the 1st day of April, 2008, namely:—

"(*12A*) Nothing contained in sub-section (*12*) shall apply to any enterprise or undertaking which is transferred in a scheme of amalgamation or demerger on or after the 1st day of April, 2007.";

(*v*) after sub-section (*13*), the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2000, namely:—

"*Explanation.*—For the removal of doubts, it is hereby declared that nothing contained in this section shall apply to a person who executes a works contract entered into with the undertaking or enterprise, as the case may be.".

Amendment of section 80-IB.

23. In section 80-IB of the Income-tax Act, in sub-section (*4*), in the fourth proviso, for the figures, letters and words "31st day of March, 2007", the figures, letters and words "31st day of March, 2012" shall be substituted with effect from the 1st day of April, 2008.

Insertion of new section 80-ID. Deduction in respect of profits and gains from business of hotels and convention centres in specified area.

24. After section 80-IC of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2008, namely:—

'80-ID (*1*) Where the gross total income of an assessee includes any profits and gains derived by an undertaking from any business referred to in sub-section (*2*) (such business being hereinafter referred to as the eligible business), there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to hundred per cent. of the profits and gains derived from such business for five consecutive assessment years beginning from the initial assessment year.

(*2*) This section applies to any undertaking,—

(*i*) engaged in the business of hotel located in the specified area, if such hotel is constructed and has started or starts functioning at any time during the period beginning on the 1st day of April, 2007 and ending on the 31st day of March, 2010; or

(*ii*) engaged in the business of building, owning and operating a convention centre, located in the specified area, if such convention centre is constructed at any time during the period beginning on the 1st day of April, 2007 and ending on the 31st day of March, 2010.

(*3*) The deduction under sub-section (*1*) shall be available only if—

(*i*) the eligible business is not formed by the splitting up, or the reconstruction, of a business already in existence;

(*ii*) the eligible business is not formed by the transfer to a new business of a building previously used as a hotel or a convention centre, as the case may be;

(*iii*) the eligible business is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

Explanation.—The provisions of *Explanations* 1 and 2 to sub-section (*3*) of section 80-IA shall apply for the purposes of clause (*iii*) of this sub-section as they apply for the purposes of clause (*ii*) of that sub-section;

(*iv*) the assessee furnishes along with the return of income, the report of an audit in such form and containing such particulars as may be prescribed, and duly signed and verified by an accountant, as defined in the *Explanation* below sub-section (*2*) of section 288, certifying that the deduction has been correctly claimed.

(*4*) Notwithstanding anything contained in any other provision of this Act, in computing the total income of the assessee, no deduction shall be allowed under any other section contained in Chapter VIA or section 10AA, in relation to the profits and gains of the undertaking.

(*5*) The provisions contained in sub-section (*5*) and sub-sections (*8*) to (*11*) of section 80-IA shall, so far as may be, apply to the eligible business under this section.

(*6*) For the purposes of this section,—

(*a*) "convention centre" means a building of a prescribed area comprising of convention halls to be used for the purpose of holding conferences and seminars, being of such size and number and having such other facilities and amenities, as may be prescribed;

(*b*) "hotel" means a hotel of two-star, three-star or four-star category as classified by the Central Government;

(*c*) "initial assessment year"—

(*i*) in the case of a hotel, means the assessment year relevant to the previous year in which the business of the hotel starts functioning;

(*ii*) in the case of a convention centre, means the assessment year relevant to the previous year in which the convention centre starts operating on a commercial basis;

(*d*) "specified area" means the National Capital Territory of Delhi and the districts of Faridabad, Gurgaon, Gautam Budh Nagar and Ghaziabad.'.

Amendment of section 92CA.

25. In section 92CA of the Income-tax Act, with effect from the 1st day of June, 2007,—

(*i*) after sub-section (*3*), the following sub-section shall be inserted, namely: —

"(*3A*) Where a reference was made under sub-section (*1*) before the 1st day of June, 2007 but the order under sub-section (*3*) has not been made by the Transfer Pricing Officer before the said date, or a reference under sub-section (*1*) is made on or after the 1st day of June, 2007, an order under sub-section (*3*) may be made at any time before sixty days prior to the date on which the period of limitation referred to in section 153, or as the case may be, in section 153B for making the order of assessment or reassessment or recomputation or fresh assessment, as the case may be, expires.";

(*ii*) for sub-section (*4*), the following sub-section shall be substituted, namely:—

"(*4*) On receipt of the order under sub-section (*3*), the Assessing Officer shall proceed to compute the total income of the assessee under sub-section (*4*) of section 92C in conformity with the arm's length price as so determined by the Transfer Pricing Officer.".

Amendment of section 115JB.

26. In section 115JB of the Income-tax Act, after sub-section (*2*), in the *Explanation* with effect from the 1st day of April, 2008,—

(*a*) in clause (*f*), the words, figures and letters "section 10A or section 10B or" shall be omitted;

(*b*) in clause (*ii*), the words, figures and letters "section 10A or section 10B or" shall be omitted.

Amendment of section 115-O.

27. In section 115-O of the Income-tax Act, in sub-section (*1*), for the words "at the rate of twelve and one-half per cent.", the words "at the rate of fifteen per cent." shall be substituted.

Amendment of section 115R.

28. In section 115R of the Income-tax Act, in sub-section (*2*), for clauses (*i*) and (*ii*), the following clauses shall be substituted, namely:—

"(*i*) twenty-five per cent. on income distributed by a money market mutual fund or a liquid fund;

(*ii*) twelve and one-half per cent. on income distributed to any person being an individual or a Hindu undivided family by a fund other than a money market mutual fund or a liquid fund; and

(*iii*) twenty per cent. on income distributed to any other person by a fund other than a money market mutual fund or a liquid fund:".

Amendment of Explanation to Chapter XII-E.

29. In Chapter XII-E of the Income-tax Act, after section 115T, in the *Explanation*, after clause (*c*), the following clauses shall be inserted, namely: —

'(*d*) "money market mutual fund" means a money market mutual fund as defined in sub-clause (*p*) of clause 2 of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996;

(*e*) "liquid fund" means a scheme or plan of a mutual fund which is classified by the Securities and Exchange Board of India as a liquid fund in accordance with the guidelines issued by it in this behalf under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder.'.

15 of 1992.

Amendment of section 115WB.

30. In section 115WB of the Income-tax Act, with effect from the 1st day of April, 2008,—

(*A*) in sub-section (*1*),—

(*i*) in clause (*b*), the word "and" occurring at the end shall be omitted;

(*ii*) in clause (*c*), for the word "employees", the words "employees; and" shall be substituted;

(*iii*) after clause (*c*), the following clause shall be inserted, namely: —

'(*d*) any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer free of cost or at concessional rate to his employees (including former employee or employees).

Explanation.—For the purposes of this clause,—

(*i*) "specified security" means the securities as defined in clause (*h*) of section 2 of the Securities Contracts (Regulation) Act, 1956 and includes employees' stock option;

42 of 1956.

(*ii*) "sweat equity shares" means equity shares issued by a company to its employees or directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called.';

(*B*) in sub-section (*2*), in the proviso,—

(*a*) in clause (*v*), for the words "bill boards", the words "bill boards, display of products" shall be substituted;

(*b*) for clause (*vii*), the following clause shall be substituted, namely:—

"(*vii*) being the expenditure on distribution of samples either free of cost or at concessional rate; and".

Amendment of section 115WC.

31. In section 115WC of the Income-tax Act, in sub-section (*1*), after clause (*b*), the following shall be inserted with effect from the 1st day of April, 2008, namely:—

'(*ba*) the fair market value of the specified security or sweat equity shares referred to in clause (*d*) of sub-section (*1*) of section 115WB, on the date of exercise of the option by the employee as reduced by the amount actually paid by, or recovered from the employee in respect of such security or shares.

Explanation.—For the purposes of this clause, "fair market value" means the value determined in accordance with the method as may be prescribed by the Board;'.

Amendment of section 115WJ.

32. In section 115WJ of the Income-tax Act, for sub-sections (*2*) and (*3*), the following sub-sections shall be substituted with effect from the 1st day of June, 2007, namely:—

"(*2*) Advance tax on the current fringe benefits shall be payable by –

(*a*) all the companies, who are liable to pay the same in four instalments during each financial year and the due date of each instalment and the amount of such instalment shall be as specified in Table I below:

Table I

Due date of instalment	Amount payable
On or before the 15th June	Not less than fifteen per cent. of such advance tax.
On or before the 15th September	Not less than forty-five per cent. of such advance tax as reduced by the amount, if any, paid in the earlier instalment.
On or before the 15th December	Not less than seventy-five per cent. of such advance tax as reduced by the amount or amounts, if any, paid in the earlier instalment or instalments.
On or before the 15th March	The whole amount of such advance tax as reduced by the amount or amounts, if any, paid in the earlier instalment or, instalments;

(*b*) all the assessees (other than companies), who are liable to pay the same in three instalments during each financial year and the due date of each instalment and the amount of such instalment shall be as specified in Table II below:

Table II

Due date of instalment	Amount payable
On or before the 15th September	Not less than thirty per cent. of such advance tax.
On or before the 15th December	Not less than sixty per cent. of such advance tax as reduced by the amount, if any, paid in the earlier instalment.
On or before the 15th March	The whole amount of such advance tax as reduced by the amount or amounts, if any, paid in the earlier instalment or instalments.

(*3*) Where an assessee has failed to pay the advance tax payable by him on or before the due date for any instalment or where the advance tax paid by him is less than

the amount payable by the due date, he shall be liable to pay simple interest at the rate of one per cent. of the amount by which the advance tax paid falls short of the amount payable by the due date for every month or part of the month for which the shortfall continues.".

Amendment of section 120.

33. In section 120 of the Income-tax Act, in sub-section (*4*), in clause (*b*) —

(*i*) after the words "shall be exercised or performed by", the words "an Additional Commissioner or" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1994;

(*ii*) after the words "an Additional Commissioner or", as so inserted, the words "an Additional Director or" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1996;

(*iii*) after the words "deemed to be references to such", the words "Additional Commissioner or" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1994;

(*iv*) after the words "Additional Commissioner or" as so inserted, the words "Additional Director or" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1996.

Amendment of section 132B.

34. In section 132B of the Income-tax Act, in sub-section (*4*), in clause (*a*), for the words "six per cent. per annum", the words "one-half per cent. for every month or part of a month" shall be substituted with effect from the 1st day of April, 2008.

Amendment of section 139.

35. In section 139 of the Income-tax Act, in sub-section (*9*), the proviso occurring at the end shall be omitted and shall be deemed to have been omitted with effect from the 1st day of June, 2006.

Insertion of new sections 139C and 139D.

36. After section 139B of the Income-tax Act, the following sections shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2006, namely:—

Power of Board to dispense with furnishing documents, etc. with the return.

"139C. (*1*) The Board may make rules providing for a class or classes of persons who may not be required to furnish documents, statements, receipts, certificates, audited reports or any other documents, which are otherwise under any other provisions of this Act, except section 139D, required to be furnished, along with the return but on demand to be produced before the Assessing Officer.

(*2*) Any rule made under the proviso to sub-section (*9*) of section 139 as it stood immediately before its omission by the Finance Act, 2007 shall be deemed to have been made under the provisions of this section.

Filling of return in electronic form.

139D. The Board may make rules providing for—

(*a*) the class or classes of persons who shall be required to furnish the return in electronic form;

(*b*) the form and the manner in which the return in electronic form may be furnished;

(*c*) the documents, statements, receipts, certificates or audited reports which may not be furnished along with the return in electronic form but shall be produced before the Assessing Officer on demand;

(*d*) the computer resource or the electronic record to which the return in electronic form may be transmitted.".

Amendment section 142.

37. In section 142 of the Income-tax Act,—

(*a*) in sub-section (*2A*), the following proviso shall be inserted with effect from the 1st day of June, 2007, namely:—

"Provided that the Assessing Officer shall not direct the assessee to get the accounts so audited unless the assessee has been given a reasonable opportunity of being heard.";

(*b*) in sub-section (*2D*), the following proviso shall be inserted with effect from the 1st day of June, 2007, namely:—

"Provided that where any direction for audit under sub-section (*2A*) is issued by the Assessing Officer on or after the 1st day of June, 2007, the expenses of, and incidental to, such audit (including the remuneration of the Accountant) shall be determined by the Chief Commissioner or Commissioner in accordance with such guidelines as may be prescribed and the expenses so determined shall be paid by the Central Government.".

Amendment of section 143.

38. In section 143 of the Income-tax Act, in sub-section (*3*), in the proviso, in sub-clause (*ii*), after the words "scientific research association or other association", the words "or fund or trust" shall be inserted with effect from the 1st day of June, 2007.

Amendment of section 153.

39. In section 153 of the Income-tax Act, with effect from the 1st day of June, 2007,—

(*a*) in sub-section (*1*), after the proviso, the following proviso shall be inserted, namely:—

'Provided further that in case the assessment year in which the income was first assessable is the assessment year commencing on the 1st day of April, 2005 or any subsequent assessment year and during the course of the proceeding for the assessment of total income, a reference under sub-section (*1*) of section 92CA—

(*i*) was made before the 1st day of June, 2007 but an order under sub-section (*3*) of that section has not been made before such date; or

(*ii*) is made on or after the 1st day of June, 2007,

the provisions of clause (*a*) shall, notwithstanding anything contained in the first proviso, have effect as if for the words "two years", the words "thirty-three months" had been substituted.';

(*b*) in sub-section (*2*), after the second proviso, the following proviso shall be inserted, namely:—

'Provided also that where the notice under section 148 was served on or after the 1st day of April, 2006 and during the course of the proceedings for the assessment or reassessment or recomputation of total income, a reference under sub-section (*1*) of section 92CA-

(*i*) was made before the 1st day of June, 2007 but an order under sub-section (*3*) of that section has not been made before such date; or

(*ii*) is made on or after the 1st day of June, 2007,

the provisions of this sub-section shall, notwithstanding anything contained in the second proviso, have effect as if for the words "one year", the words "twenty-one months" had been substituted.';

(*c*) in sub-section (*2A*), after the second proviso, the following proviso shall be inserted, namely:—

'Provided also that where the order under section 254 is received by the Chief Commissioner or Commissioner or, as the case may be, the order under section 263 or section 264 is passed by the Commissioner on or after the 1st day of April, 2006, and during the course of the proceedings for the fresh assessment of total income, a reference under sub-section (*1*) of section 92CA—

(*i*) was made before the 1st day of June, 2007 but an order under sub-section (*3*) of section 92CA has not been made before such date; or

(*ii*) is made on or after the 1st day of June, 2007,

the provisions of this sub-section shall, notwithstanding anything contained in the second proviso, have effect as if for the words "one year", the words "twenty-one months" had been substituted.'.

Amendment of section 153B.

40. In section 153B of the Income-tax Act, in sub-section (*1*), after the second proviso and before the *Explanation*, the following provisos shall be inserted with effect from the 1st day of June, 2007, namely:—

'Provided also that in case where the last of the authorisations for search under section 132 or for requisition under section 132A was executed during the financial year commencing on the 1st day of April, 2005 or any subsequent financial year and during the course of the proceedings for the assessment or reassessment of total income, a reference under sub-section (*1*) of section 92CA—

(*i*) was made before the 1st day of June, 2007 but an order under sub-section (*3*) of section 92CA has not been made before such date; or

(*ii*) is made on or after the 1st day of June, 2007,

the provisions of clause (*a*) or clause (*b*) of this sub-section shall, notwithstanding anything contained in clause (*i*) of the second proviso, have effect as if for the words "two years", the words "thirty three months" had been substituted:

Provided also that in case where the last of the authorisations for search under section 132 or for requisition under section 132A was executed during the financial year commencing on the 1st day of April, 2005 or any subsequent financial year and during the course of the proceedings for the assessment or reassessment of total income in case of other person referred to in section 153C, a reference under sub-section (*1*) of section 92CA—

(*i*) was made before the 1st day of June, 2007 but an order under sub-section (*3*) of section 92CA has not been made before such date; or

(*ii*) is made on or after the 1st day of June, 2007,

the period of limitation for making the assessment or reassessment in case of such other person shall, notwithstanding anything contained in clause (*ii*) of the second proviso, be the period of thirty-three months from the end of the financial year in which the last of the authorisations for search under section 132 or for requisition under section 132A was executed or twenty-one months from the end of the financial year in which books of account or documents or assets seized or requisitioned are handed over under section 153C to the Assessing Officer having jurisdiction over such other person, whichever is later.'.

Insertion of new section 153D.

41. In the Income-tax Act, after section 153C, the following section shall be inserted with effect from the 1st day of June, 2007, namely:—

Prior approval necessary for assessment in cases of search or requisition.

153D. No order of assessment or reassessment shall be passed by an Assessing Officer below the rank of Joint Commissioner in respect of each assessment year referred to in clause (*b*) of section 153A or the assessment year referred to in clause (*b*) of sub-section (*1*) of section 153B, except with the prior approval of the Joint Commissioner.".

Amendment of section 172.

42. In section 172 of the Income-tax Act, after sub-section (*4*), the following sub-section shall be inserted, namely:–

"(*4A*) No order assessing the income and determining the sum of tax payable thereon shall be made under sub-section (*4*) after the expiry of nine months from the end of the financial year in which the return under sub-section (*3*) is furnished:

Provided that where the return under sub-section (*3*) has been furnished before the 1st day of April, 2007, such order shall be made on or before the 31st day of December, 2008.".

Amendment of section 193.

43. In section 193 of the Income-tax Act, in the proviso, in clause (*iv*), the following proviso shall be inserted with effect from the 1st day of June, 2007, namely:—

"Provided that nothing contained in this clause shall apply to the interest exceeding rupees ten thousand payable on 8% Savings (Taxable) Bonds, 2003 during the financial year;".

Amendment of section 194A.

44. In section 194A of the Income-tax Act, in sub-section (*3*), in clause (*i*), for the words " does not exceed five thousand rupees", the following words, brackets, letters and figures shall be substituted with effect from the 1st day of June, 2007, namely:—

"does not exceed—

(*a*) ten thousand rupees, where the payer is a banking company to which the Banking Regulation Act, 1949 applies (including any bank or banking institution, referred to in section 51 of that Act); 10 of 1949.

(*b*) ten thousand rupees, where the payer is a co-operative society engaged in carrying on the business of banking;

(*c*) ten thousand rupees, on any deposit with post office under any scheme framed by the Central Government and notified by it in this behalf; and

(*d*) five thousand rupees in any other case:".

Amendment of section 194C.

45. In section 194C of the Income-tax Act, for sub-section (*1*), the following sub-section shall be substituted with effect from the 1st day of June, 2007, namely:—

"(*1*) Any person responsible for paying any sum to any resident (hereinafter in this section referred to as the contractor) for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract between the contractor and—

(*a*) the Central Government or any State Government; or

(*b*) any local authority; or

(*c*) any corporation established by or under a Central, State or Provincial Act; or

(*d*) any company; or

(*e*) any co-operative society; or

(*f*) any authority, constituted in India by or under any law, engaged either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both; or

(*g*) any society registered under the Societies Registration Act, 1860 or under any law corresponding to that Act in force in any part of India; or 21 of 1860.

(*h*) any trust; or

(*i*) any university established or incorporated by or under a Central, State or Provincial Act and an institution declared to be a university under section 3 of the University Grants Commission Act, 1956; or 3 of 1956.

(*j*) any firm; or

(*k*) any individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (*a*) or clause (*b*) of section 44AB during the financial year immediately preceding the financial year in which such sum is credited or paid to the account of the contractor,

shall, at the time of credit of such sum to the account of the contractor or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to—

(*i*) one per cent. in case of advertising,

(*ii*) in any other case two per cent.,

of such sum as income-tax on income comprised therein:

Provided that no individual or a Hindu undivided family shall be liable to deduct income-tax on the sum credited or paid to the account of the contractor where such sum is credited or paid exclusively for personal purposes of such individual or any member of Hindu undivided family.".

Amendment of section 194H.

46. In section 194H of the Income-tax Act, with effect from the 1st day of June, 2007,—

(*a*) for the words "five per cent.", the words "ten per cent." shall be substituted;

(*b*) after the second proviso and before the *Explanation*, the following proviso shall be inserted, namely:—

"Provided also that no deduction shall be made under this section on any commission or brokerage payable by Bharat Sanchar Nigam Limited or Mahanagar Telephone Nigam Limited to their public call office franchisees.".

Amendment of section 194-I.

47. In section 194-I of the Income-tax Act, for clauses (*a*) and (*b*), the following clauses shall be substituted with effect from the 1st day of June, 2007, namely:—

"(*a*) ten per cent. for the use of any machinery or plant or equipment;

(*b*) fifteen per cent. for the use of any land or building (including factory building) or land appurtenant to a building (including factory building) or furniture or fittings where the payee is an individual or a Hindu undivided family; and

(*c*) twenty per cent. for the use of any land or building (including factory building) or land appurtenant to a building (including factory building) or furniture or fittings where the payee is a person other than an individual or a Hindu undivided family:".

Amendment of section 194J.

48. In section 194J of the Income-tax Act, in sub-section (*1*), for the words "five per cent.", the words "ten per cent." shall be substituted with effect from the 1st day of June, 2007.

Amendment of section 197A.

49. In section 197A of the Income-tax Act, in sub-section (*1C*), the words, figures and letter "and is entitled to a deduction from the amount of income-tax on his total income referred to in section 88B" shall be omitted and shall be deemed to have been omitted with effect from the 1st day of April, 2006.

Amendment of section 201.

50. In section 201 of the Income-tax Act, in sub-section (*1A*), for the words "twelve per cent. per annum", the words "one per cent. for every month or part of a month" shall be substituted with effect from the 1st day of April, 2008.

Amendment of section 206A.

51. In section 206A of the Income-tax Act, in sub-section (*1*), for the words "not exceeding five thousand rupees", the words "not exceeding ten thousand rupees, where the payer is a banking company or a co-operative society, and five thousand rupees in any other case" shall be substituted with effect from the 1st day of June, 2007.

Amendment of section 206C.

52. In section 206C of the Income-tax Act, in sub-section (*1C*), after the Table, the following *Explanations* shall be inserted with effect from the 1st day of June, 2007, namely:—

'*Explanation* 1.—For the purposes of this sub-section, "mining and quarrying" shall not include mining and quarrying of mineral oil.

Explanation 2.—For the purposes of *Explanation* 1, "mineral oil" includes petroleum and natural gas.'.

Amendment of section 245A.

53. In section 245A of the Income-tax Act, with effect from the 1st day of June, 2007,—

(*a*) for clause (*b*), the following clause shall be substituted, namely:—

'(*b*) "case" means any proceeding for assessment under this Act, of any person in respect of any assessment year or assessment years which may be pending before an Assessing Officer on the date on which an application under sub-section (*1*) of section 245C is made:

Provided that—

(*i*) a proceeding for assessment or reassessment or recomputation under section 147;

(*ii*) a proceeding for assessment or reassessment for any of the assessment years referred to in clause (*b*) of section 153A in case of a person referred to in section 153A or section 153C;

(*iii*) a proceeding for assessment or reassessment for the assessment year referred to in clause (*b*) of sub-section (*1*) of section 153B in case of a person referred to in section 153A or section 153C;

(*iv*) a proceeding for making fresh assessment in pursuance of an order under section 254 or section 263 or section 264, setting aside or cancelling an assessment,

shall not be a proceeding for assessment for the purposes of this clause.

Explanation.–For the purposes of this clause—

(*i*) a proceeding for assessment or reassessment or recomputation referred to in clause (*i*) of the proviso shall be deemed to have commenced from the date on which a notice under section 148 is issued;

(*ii*) a proceeding for assessment or reassessment referred to in clause (*ii*) or clause (*iii*) of the proviso shall be deemed to have commenced on the date of initiation of the search under section 132 or requisition under section 132A;

(*iii*) a proceeding for making fresh assessment referred to in clause (*iv*) of the proviso shall be deemed to have commenced from the date on which the order under section 254 or section 263 or section 264, setting aside or cancelling an assessment was passed;

(*iv*) a proceeding for assessment for any assessment year, other than the proceedings of assessment or reassessment referred to in clause (*i*) or clause (*ii*) or clause (*iii*) or clause (*iv*) of the proviso, shall be deemed to have commenced from the 1st day of the assessment year and concluded on the date on which the assessment is made;';

(*b*) in clause (*g*), after the words "Settlement Commission", the words "and includes a Member who is senior amongst the Members of a Bench" shall be inserted.

Amendment of section 245C.

54. In section 245C of the Income-tax Act, with effect from the 1st day of June, 2007–

(*i*) in sub-section (*1*), for the proviso, the following proviso shall be substituted, namely:—

"Provided that no such application shall be made unless—

(*i*) the additional amount of income-tax payable on the income disclosed in the application exceeds three lakh rupees; and

(*ii*) such tax and the interest thereon, which would have been paid under the provisions of this Act had the income disclosed in the application

been declared in the return of income before the Assessing Officer on the date of application, has been paid on or before the date of making the application and the proof of such payment is attached with the application.";

(*ii*) in sub-section (*1A*), the words, brackets, figures and letters "and sub-sections (*2A*) to (*2D*) of section 245D" shall be omitted;

(*iii*) for sub-section (*1B*), the following sub-section shall be substituted namely:—

"(*1B*) Where the income disclosed in the application relates to only one previous year,—

(*i*) if the applicant has not furnished a return in respect of the total income of that year, then, tax shall be calculated on the income disclosed in the application as if such income were the total income;

(*ii*) if the applicant has furnished a return in respect of the total income of that year, tax shall be calculated on the aggregate of the total income returned and the income disclosed in the application as if such aggregate were the total income.";

(*iv*) in sub-section (*1C*), clause (*c*) shall be omitted;

(*v*) after sub-section (*3*), the following sub-section shall be inserted, namely:–

"(*4*) An assessee shall, on the date on which he makes an application under sub-section (*1*) to the Settlement Commission, also send a copy of such application to the Assessing Officer.".

Amendment of section 245D.

55. In section 245D of the Income-tax Act,—

(*i*) for sub-section (*1*), the following sub-section shall be substituted with effect from the 1st day of June, 2007, namely:–

"(*1*) On receipt of an application under section 245C, the Settlement Commission shall, within seven days from the date of receipt of the application, issue a notice to the applicant requiring him to explain as to why the application made by him be allowed to be proceeded with, and on hearing the applicant, the Settlement Commission shall, within a period of fourteen days from the date of the application, by an order in writing, reject the application or allow the application to be proceeded with:

Provided that where no order has been passed within the aforesaid period by the Settlement Commission, the application shall be deemed to have been allowed to be proceeded with.";

(*ii*) for sub-sections (*2A*), (*2B*), (*2C*) and (*2D*), the following sub-sections shall be substituted with effect from the 1st day of June, 2007, namely:–

"(*2A*) Where an application was made under section 245C before the 1st day of June, 2007, but an order under the provisions of sub-section (*1*) of this section, as they stood immediately before their amendment by the Finance Act, 2007, has not been made before the 1st day of June, 2007, such application shall be deemed to have been allowed to be proceeded with if the additional tax on the income disclosed in such application and the interest thereon is paid on or before the 31st day of July, 2007.

Explanation.–In respect of the applications referred to in this sub-section, the 31st day of July, 2007 shall be deemed to be the date of the order of rejection or allowing the application to be proceeded with under sub-section (*1*).

(*2B*) The Settlement Commission shall,—

(*i*) in respect of an application which is allowed to be proceeded with under sub-section (*1*), within thirty days from the date on which the application was made; or

(*ii*) in respect of an application referred to in sub-section (*2A*) which is deemed to have been allowed to be proceeded with under that sub-section, on or before the 7th day of August, 2007,

call for a report from the Commissioner, and the Commissioner shall furnish the report within a period of thirty days of the receipt of communication from the Settlement Commission.

(*2C*) Where a report of the Commissioner called for under sub-section (*2B*) has been furnished within the period specified therein, the Settlement Commission may, on the basis of the report and within a period of fifteen days of the receipt of the report, by an order in writing, declare the application in question as invalid, and shall send the copy of such order to the applicant and the Commissioner:

Provided that an application shall not be declared invalid unless an opportunity has been given to the applicant of being heard:

Provided further that where the Commissioner has not furnished the report within the aforesaid period, the Settlement Commission shall proceed further in the matter without the report of the Commissioner.

(*2D*) Where an application was made under sub-section (*1*) of section 245C before the 1st day of June, 2007 and an order under the provisions of sub-section (*1*) of this section, as they stood immediately before their amendment by the Finance Act, 2007, allowing the application to have been proceeded with, has been passed before the 1st day of June, 2007, but an order under the provisions of sub-section (*4*), as they stood immediately before their amendment by the Finance Act, 2007, was not passed before the 1st day of June, 2007, such application shall not be allowed to be further proceeded with unless the additional tax on the income disclosed in such application and the interest thereon, is, notwithstanding any extension of time already granted by the Settlement Commission, paid on or before the 31st day of July, 2007.";

(*iii*) for sub-sections (*3*), (*4*) and (*4A*), the following sub-sections shall be substituted with effect from the 1st day of June, 2007, namely:–

"(*3*) The Settlement Commission, in respect of–

(*i*) an application which has not been declared invalid under sub-section (*2C*); or

(*ii*) an application referred to in sub-section (*2D*) which has been allowed to be further proceeded with under that sub-section,

may call for the records from the Commissioner and after examination of such records, if the Settlement Commission is of the opinion that any further enquiry or investigation in the matter is necessary, it may direct the Commissioner to make or cause to be made such further enquiry or investigation and furnish a report on the matters covered by the application and any other matter relating to the case, and the Commissioner shall furnish the report within a period of ninety days of the receipt of communication from the Settlement Commission:

Provided that where the Commissioner does not furnish the report within the aforesaid period, the Settlement Commission may proceed to pass an order under sub-section (*4*) without such report.

(*4*) After examination of the records and the report of the Commissioner, if any, received under–

(*i*) sub-section (*2B*) or sub-section (*3*), or

(*ii*) the provisions of sub-sections (*1*) as they stood immediately before their amendment by the Finance Act, 2007,

and after giving an opportunity to the applicant and to the Commissioner to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Commission may, in accordance with the provisions of this Act, pass such order as it thinks fit on the matters covered by the application and any other matter relating to the case not covered by the application, but referred to in the report of the Commissioner.

(*4A*) The Settlement Commission shall pass an order under sub-section (*4*),–

(*i*) in respect of an application referred to in sub-section (*2A*) or sub-section (*2D*), on or before the 31st day of March, 2008;

(*ii*) in respect of an application made on or after the 1st day of June, 2007, within nine months from the end of the month in which the application was made.";

(*iv*) in sub-section (*6A*), for the words "fifteen per cent. per annum", the words "one and one-fourth per cent. for every month or part of a month" shall be substituted with effect from the 1st day of April, 2008.

Amendment of section 254DD.

56. In section 245DD of the Income-tax Act, in sub-section (*2*), in the proviso, the words ", so, however, that the total period of extension shall not in any case exceed two years" shall be omitted with effect from the 1st day of June, 2008.

Amendment of section 245E.

57. In section 245E of the Income-tax Act, after the proviso, the following proviso shall be inserted with effect from the 1st day of June, 2007, namely:—

"Provided further that no proceeding shall be reopened by the Settlement Commission under this section in a case where an application under section 245C is made on or after the 1st day of June, 2007.".

Amendment of section 245F.

58. In section 245F of the Income-tax Act, in sub-section (*2*), the following provisos shall be inserted with effect from the 1st day of June, 2007, namely:–

"Provided that where an application has been made under section 245C on or after the 1st day of June, 2007, the Settlement Commission shall have such exclusive jurisdiction from the date on which the application was made:

Provided further that where–

(*i*) an application made on or after the 1st day of June, 2007, is rejected under sub-section (*1*) of section 245D; or

(*ii*) an application is not allowed to be proceeded with under sub-section (*2A*) of section 245D, or, as the case may be, is declared invalid under sub-section (*2C*) of that section; or

(*iii*) an application is not allowed to be further proceeded with under sub-section (*2D*) of section 245D,

the Settlement Commission, in respect of such application shall have such exclusive jurisdiction upto the date on which the application is rejected, or, not allowed to be proceeded with, or, declared invalid, or, not allowed to be further proceeded with, as the case may be.".

Amendment of section 245H.

59. In section 245H of the Income-tax Act, in sub-section (*1*), after the proviso, the following proviso shall be inserted with effect from the 1st day of June, 2007, namely:–

"Provided further that the Settlement Commission shall not grant immunity from prosecution for any offence under the Indian Penal Code or under any Central Act other than this Act and the Wealth-tax Act, 1957 to a person who makes an application under section 245C on or after the 1st day of June, 2007.". 45 of 1860 27 of 1957

Insertion of new sections 245HA and 245HAA.

60. After section 245H of the Income-tax Act, the following sections shall be inserted with effect from the 1st day of June, 2007, namely:—

Abatement of proceeding before Settlement Commission.

"245HA. (*1*) Where—

(*i*) an application made under section 245C on or after the 1st day of June, 2007 has been rejected under sub-section (*1*) of section 245D; or

(*ii*) an application made under section 245C has not been allowed to be proceeded with under sub-section (*2A*) or further proceeded with under sub-section (*2D*) of section 245D; or

(*iii*) an application made under section 245C has been declared as invalid under sub-section (*2C*) of section 245D; or

(*iv*) in respect of any other application made under section 245C, an order under sub-section (*4*) of section 245D has not been passed within the time or period specified under sub-section (*4A*) of section 245D,

the proceedings before the Settlement Commission shall abate on the specified date.

Explanation.—For the purposes of this sub-section, "specified date" means—

(*a*) in respect of an application referred to in clause (*i*), the day on which the application was rejected;

(*b*) in respect of an application referred to in clause (*ii*), the 31st day of July, 2007;

(*c*) in respect of an application referred to in clause (*iii*), the last day of the month in which the application was declared invalid;

(*d*) in respect of an application referred to in clause (*iv*), on the date on which the time or period specified in sub-section (*4A*) of section 245D expires.

(*2*) Where a proceeding before the Settlement Commission abates, the Assessing Officer, or, as the case may be, any other income-tax authority before whom the proceeding at the time of making the application was pending, shall dispose of the case in accordance with the provisions of this Act as if no application under section 245C had been made.

(*3*) For the purposes of sub-section (*2*), the Assessing Officer, or, as the case may be, other income-tax authority, shall be entitled to use all the material and other information produced by the assessee before the Settlement Commission or the results of the inquiry held or evidence recorded by the Settlement Commission in the course of the proceedings before it, as if such material, information, inquiry and evidence had been produced before the Assessing Officer or other income-tax authority or held or recorded by him in the course of the proceedings before him.

(*4*) For the purposes of the time-limit under sections 149, 153, 153B, 154, 155, 158BE and 231 and for the purposes of payment of interest under section 243 or 244 or, as the case may be, section 244A, for making the assessment or reassessment under sub-section (*2*), the period commencing on and from the date of the application to the Settlement Commission under section 245C and ending with "specified date" referred

to in sub-section (*1*) shall be excluded; and where the assessee is a firm, for the purposes of the time-limit for cancellation of registration of the firm under sub-section (*1*) of section 186, the period aforesaid shall, likewise, be excluded.

Credit for tax paid in case of abatement of proceedings.

245HAA. Where an application made under section 245C on or after the 1st day of June, 2007, is rejected under sub-section (*1*) of section 245D, or any other application made under section 245C is not allowed to be proceeded with under sub-section (*2A*) of section 245D or is declared invalid under sub-section (*2C*) of section 245D or has not been allowed to be further proceeded with under sub-section (*2D*) of section 245D or an order under sub-section (*4*) of section 245D has not been passed within the time or period specified under sub-section (*4A*) of section 245D, the Assessing Officer shall allow the credit for the tax and interest paid on or before the date of making the application or during the pendency of the case before the Settlement Commission.".

Substitution of new section for section 245K.

61. For section 245K of the Income-tax Act, the following section shall be substituted with effect from the 1st day of June, 2007, namely:—

Bar on subsequent application for settlement.

"245K. (*1*) Where—

(*i*) an order of settlement passed under sub-section (*4*) of section 245D provides for the imposition of a penalty on the person who made the application under section 245C for settlement, on the ground of concealment of particulars of his income; or

(*ii*) after the passing of an order of settlement under the said sub-section (*4*) in relation to a case, such person is convicted of any offence under Chapter XXII in relation to that case; or

(*iii*) the case of such person was sent back to the Assessing Officer by the Settlement Commission on or before the 1st day of June, 2002,

then, he shall not be entitled to apply for settlement under section 245C in relation to any other matter.

(*2*) Where a person has made an application under section 245C on or after the 1st day of June, 2007 and if such application has been allowed to be proceeded with under sub-section (*1*) of section 245D, such person shall not be subsequently entitled to make an application under section 245C.".

Amendment of section 246A.

62. In section 246A of the Income-tax Act, with effect from the 1st day of June, 2007,—

(*a*) in sub-section (*1*),—

(*i*) after clause (*ha*), the following clause shall be inserted, namely:—

"(*hb*) an order made under sub-section (*6A*) of section 206C;";

(*ii*) in clause (*j*), in sub-clause (*B*), after the word, figures and letter "section 271A,", the word, figures and letters "section 271AAA," shall be inserted;

(*b*) after sub-section (*1A*), the following sub-section shall be inserted, namely:—

"(*1B*) Every appeal filed by an assessee in default against an order under sub-section (*6A*) of section 206C on or after the 1st day of April, 2007 but before the 1st day of June, 2007 shall be deemed to have been filed under this section.".

Substitution of new section for section 248.

63. For section 248 of the Income-tax Act, the following section shall be substituted with effect from the 1st day of June, 2007, namely:—

Appeal by person denying liability to deduct tax in certain cases.

"248. Where under an agreement or other arrangement, the tax deductible on any income, other than interest, under section 195 is to be borne by the person by whom the income is payable, and such person having paid such tax to the credit of the Central Government, claims that no tax was required to be deducted on such income, he may appeal to the Commissioner (Appeals) for a declaration that no tax was deductible on such income.".

Amendment of section 249.

64. In section 249 of the Income-tax Act, in sub-section (*2*), for clause (*a*), the following clause shall be substituted with effect from the 1st day of June, 2007, namely:—

"(*a*) where the appeal is under section 248, the date of payment of the tax, or".

Amendment of section 253.

65. In section 253 of the Income-tax Act, in sub-section (*1*), in clause (*c*), for the words, figures and letters "under section 12AA", the words, figures, letters and brackets "under section 12AA or under clause (*vi*) of sub-section (*5*) of section 80G" shall be substituted with effect from the 1st day of June, 2007.

Amendment of section 254.

66. In section 254 of the Income-tax Act, in sub-section (*2A*), for the provisos, the following provisos shall be substituted with effect from the 1st day of June, 2007, namely:—

"Provided that the Appellate Tribunal may, after considering the merits of the application made by the assessee, pass an order of stay in any proceedings relating to an appeal filed under sub-section (*1*) of section 253, for a period not exceeding one hundred and eighty days from the date of such order and the Appellate Tribunal shall dispose of the appeal within the said period of stay specified in that order:

Provided further that where such appeal is not so disposed of within the said period of stay as specified in the order of stay, the Appellate Tribunal may, on an application made in this behalf by the assessee and on being satisfied that the delay in disposing of the appeal is not attributable to the assessee, extend the period of stay, or pass an order of stay for a further period or periods as it thinks fit; so, however, that the aggregate of the period originally allowed and the period or periods so extended or allowed shall not, in any case, exceed three hundred and sixty-five days and the Appellate Tribunal shall dispose of the appeal within the period or periods of stay so extended or allowed:

Provided also that if such appeal is not so disposed of within the period allowed under the first proviso or the period or periods extended or allowed under the second proviso, the order of stay shall stand vacated after the expiry of such period or periods.".

Amendment of section 271.

67. In section 271 of the Income-tax Act, in sub-section (*1*),—

(*i*) in *Explanation* 4, in clause (*b*), for the words "means the tax on the total income assessed;", the words and figures "means the tax on the total income assessed as reduced by the amount of advance tax, tax deducted at source, tax collected at source and self assessment tax paid before the issue of notice under section 148;" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2003;

(*ii*) in *Explanation* 5, in the opening portion, for the words and figures "search under section 132", the words, figures and letters "search initiated under section 132 before the 1st day of June, 2007" shall be substituted with effect from the 1st day of June, 2007;

(*iii*) after *Explanation* 5, the following *Explanation* shall be inserted with effect from the 1st day of June, 2007, namely:—

"*Explanation* 5A.—Where in the course of a search initiated under section 132 on or after the 1st day of June, 2007, the assessee is found to be the owner of,—

(*i*) any money, bullion, jewellery or other valuable article or thing (hereinafter in this *Explanation* referred to as assets) and the assessee claims that such assets have been acquired by him by utilizing (wholly or in part) his income for any previous year; or

(*ii*) any income based on any entry in any books of account or other documents or transactions and claims that such entry in the books of account or other documents or transactions represents his income (wholly or in part) for any previous year,

which has ended before the date of the search and the due date for filing the return of income for such year has expired and the assessee has not filed the return, then, notwithstanding that such income is declared by him in any return of income furnished on or after the date of the search, he shall, for the purposes of imposition of a penalty under clause (*c*) of sub-section (*1*) of this section, be deemed to have concealed the particulars of his income or furnished inaccurate particulars of such income.".

Insertion of new section 271AAA.

68. In the Income-tax Act, after section 271AA, the following section shall be inserted, namely:—

Penalty where search has been initiated.

'271AAA. (*1*) The Assessing Officer may, notwithstanding anything contained in any other provisions of this Act, direct that, in a case where search has been initiated under section 132 on or after the 1st day of June, 2007, the assessee shall pay by way of penalty, in addition to tax, if any, payable by him, a sum computed at the rate of ten per cent. of the undisclosed income of the specified previous year.

(*2*) Nothing contained in sub-section (*1*) shall apply if the assessee,—

(*i*) in the course of the search, in a statement under sub-section (*4*) of section 132, admits the undisclosed income and specifies the manner in which such income has been derived;

(*ii*) substantiates the manner in which the undisclosed income was derived; and

(*iii*) pays the tax, together with interest, if any, in respect of the undisclosed income.

(*3*) No penalty under the provisions of clause (*c*) of sub-section (*1*) of section 271 shall be imposed upon the assessee in respect of the undisclosed income referred to in sub-section (*1*).

(*4*) The provisions of sections 274 and 275 shall, so far as may be, apply in relation to the penalty referred to in this section.

Explanation.—For the purposes of this section,—

(*a*) "undisclosed income" means—

(*i*) any income of the specified previous year represented, either wholly or partly, by any money, bullion, jewellery or other valuable article or thing or any entry in the books of account or other documents or transactions found in the course of a search under section 132, which has—

(*A*) not been recorded on or before the date of search in the books of account or other documents maintained in the normal course relating to such previous year; or

(*B*) otherwise not been disclosed to the Chief Commissioner or Commissioner before the date of the search; or

(*ii*) any income of the specified previous year represented, either wholly or partly, by any entry in respect of an expense recorded in the books of account or other documents maintained in the normal course relating to the specified previous year which is found to be false and would not have been found to be so had the search not been conducted;

(*b*) "specified previous year" means the previous year—

(*i*) which has ended before the date of search, but the date of filing the return of income under sub-section (*1*) of section 139 for such year has not expired before the date of search and the assessee has not furnished the return of income for the previous year before the said date; or

(*ii*) in which search was conducted.'.

Insertion of new section 292C.

69. After section 292B of the Income-tax Act, the following section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1975, namely:—

Presumption as to assets, books of account, etc.

"292C. Where any books of account, other documents, money, bullion, jewellery or other valuable article or thing are or is found in the possession or control of any person in the course of a search, it may, in any proceeding under this Act, be presumed—

(*i*) that such books of account, other documents, money, bullion, jewellery or other valuable article or thing belong or belongs to such person;

(*ii*) that the contents of such books of account and other documents are true; and

(*iii*) that the signature and every other part of such books of account and other documents which purport to be in the handwriting of any particular person or which may reasonably be assumed to have been signed by, or to be in the handwriting of, any particular person, are in that person's handwriting, and in the case of a document stamped, executed or attested, that it was duly stamped and executed or attested by the person by whom it purports to have been so executed or attested.".

Amendment of section 295.

70. In section 295 of the Income-tax Act, in sub-section (*2*), after clause (*eeb*), the following clauses shall be inserted and shall be deemed to have been inserted, with effect from the 1st day of June, 2006, namely:—

"(*eeba*) the documents, statements, receipts, certificates or audited reports which may not be furnished along with the return but shall be produced before the Assessing Officer on demand under section 139C;

(*eebb*) the class or classes of persons who shall be required to furnish the return of income in electronic form; the form and the manner of furnishing the said return in electronic form; documents, statements, receipts, certificates or reports which shall not be furnished with the return in electronic form and the computer resource or electronic record to which such return may be transmitted under section 139D;".

Amendment of section 296.

71. In section 296 of the Income-tax Act, with effect from the 1st day of June, 2007, for the words, brackets, figures and letter "every notification issued under sub-clause (*iv*) of clause (*23C*) of section 10", the words, figures, letters and brackets "every notification issued before the 1st day of June, 2007 under sub-clause (*iv*) of clause (*23C*) of section 10" shall be substituted.

Amendment of Second Schedule.

72. In the Second Schedule to the Income-tax Act, with effect from the 1st day of April, 2008,—

(*a*) in rule 60, in sub-rule (*1*), in clause (*a*), for the words "fifteen per cent. per annum", the words "one and one-fourth per cent. for every month or part of a month" shall be substituted;

(*b*) in rule 68A, in sub-rule (*3*), for the words "six per cent. per annum", the words "one-half per cent. for every month or part of a month" shall be substituted.

73. In the Fourth Schedule to the Income-tax Act, in Part A,— Amendment of Fourth Schedule.

(*i*) in rule 3, in sub-rule (*1*),—

(*a*) in the proviso, for the figures, letters and words "31st day of March, 2007", the figures, letters and words "31st day of March, 2008" shall be substituted;

(*b*) after the proviso, the following proviso shall be inserted, namely:—

"Provided further that nothing contained in the first proviso shall apply to the provident fund of an establishment in respect of which a notification has been issued by the Central Government under sub-section (*2*) of section 16 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.";

19 of 1952.

(*ii*) in rule 4, for clause (*ea*), the following clause shall be substituted, namely:—

"(*ea*) the fund shall be a fund of an establishment to which the provisions of sub-section (*3*) of section 1 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 apply or of an establishment which has been notified by the Central Provident Fund Commissioner under sub-section (*4*) of section 1 of the said Act, and such establishment shall obtain exemption under section 17 of the said Act from the operation of all or any of the provisions of any scheme referred to in that section;".

19 of 1952.

Wealth-tax

74. In section 2 of the Wealth-tax Act,1957 (hereinafter refered to as the Wealth-tax Act),— Amendment of section 2.

27 of 1957.

(*a*) in clause (*ca*)–

(*i*) after the words and figure "section 8 of this Act and also the", the words "Additional Commissioner or" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1994;

(*ii*) after the words "Additional Commissioner or", as so inserted, the words "Additional Director or" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1996;

(*b*) for clause (*ka*), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 25th day of August, 1976, namely:—

'(*ka*) "India" means the territory of India as referred to in article 1 of the Constitution, its territorial waters, seabed and subsoil underlying such waters, continental shelf, exclusive economic zone or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976, and the air space above its territory and territorial waters;'.

80 of 1976.

75. In section 22A of the Wealth-tax Act, with effect from the 1st day of June, 2007,— Amendment of section 22A.

(*a*) for clause (*b*), the following shall be substituted, namely:—

'(*b*) "case" means any proceeding for assessment under this Act, of any person in respect of any assessment year or assessment years which may be pending before an Assessing Officer on the date on which an application under sub-section (*1*) of section 22C is made:

Provided that—

(*i*) a proceeding for assessment or reassessment under section 17;

(*ii*) a proceeding for making fresh assessment in pursuance of an order under section 23A or section 24 or section 25, setting aside or cancelling an assessment;

(*iii*) a proceeding for assessment or reassessment which may be initiated on the basis of a search under section 37A or requisition under section 37B,

shall not be a proceeding for assessment for the purposes of this clause.

Explanation,—For the purposes of this clause—

(*i*) a proceeding for assessment or reassessment referred to in clause (*i*) of the proviso shall, in case where a notice under section 17 is issued but not on the basis of search under section 37A or requisition under section 37B, be deemed to have commenced from the date on which a notice under section 17 is issued;

(*ii*) a proceeding for making fresh assessment referred to in clause (*ii*) of the proviso shall be deemed to have commenced from the date on which the order under section 23A or section 24 or section 25, setting aside or cancelling an assessment was passed;

(*iii*) a proceeding for assessment or reassessment referred to in clause (*iii*) of the proviso shall be deemed to have commenced on the date of initiation of the search under section 37A or requisition under section 37B;

(*iv*) a proceeding for assessment for an assessment year, other than the proceeding of assessment or reassessment referred to in clause (*i*) or clause (*ii*) or clause (*iii*) of the proviso, shall be deemed to have commenced from the 1st day of the assessment year and concluded on the date on which the assessment is made;';

(*b*) in clause (*f*), after the words "Settlement Commission", the words "and includes a Member who is senior amongst the Members of a Bench" shall be inserted.

Amendment of section 22C.

76. In section 22C of the Wealth-tax Act, with effect from the 1st day of June, 2007,—

(*i*) in sub-section (*1*), for the proviso, the following proviso shall be substituted, namely:—

"Provided that no such application shall be made unless such wealth-tax and the interest thereon, which would have been paid under the provisions of this Act had the wealth declared in the application been declared in the return of wealth before the Assessing Officer on the date of application, has been paid on or before the date of making the application and the proof of such payment is attached with the application.";

(*ii*) in sub-section (*1A*), the words, brackets, figures and letters "and sub-sections (*2A*) to (*2D*) of section 22D" shall be omitted;

(*iii*) for sub-section (*1B*), the following sub-section shall be substituted, namely:—

"(*1B*) Where the wealth disclosed in the application relates to only one previous year,—

(*i*) if the applicant has not furnished a return in respect of the net wealth of that year, then, wealth tax shall be calculated on the wealth disclosed in the application as if such wealth were the net wealth;

(*ii*) if the applicant has furnished a return in respect of the net wealth of that year, wealth-tax shall be calculated on the aggregate of the net wealth returned and the wealth disclosed in the application as if such aggregate were the net wealth.";

(*iv*) in sub-section (*1C*), clause (*c*) shall be omitted;

(*v*) after sub-section (*3*), the following sub-section shall be inserted, namely:—

"(*4*) An assessee shall, on the date on which he makes an application under sub-section (*1*) to the Settlement Commission, also send a copy of such application to the Assessing Officer.".

Amendment of section 22D.

77. In section 22D of the Wealth-tax Act,—

(*i*) for sub-section (*1*), the following sub-section shall be substituted with effect from the 1st day of June, 2007, namely:—

"(*1*) on receipt of an application under section 22C, the Settlement Commission shall, within seven days from the date of receipt of the application, issue a notice to the applicant requiring him to explain as to why the application made by him be allowed to be proceeded with, and on hearing the applicant, the Settlement Commission shall, within a period of fourteen days from the date of the application, by an order in writing, reject the application or allow the application to be proceeded with:

Provided that where no order has been passed within the aforesaid period by the Settlement Commission, the application shall be deemed to have been allowed to be proceeded with.";

(*ii*) for sub-sections (*2A*), (*2B*), (*2C*) and (*2D*), the following sub-sections shall be substituted with effect from the 1st day of June, 2007, namely:—

"(*2A*) Where an application was made under section 22C before the 1st day of June, 2007 but an order under the provisions of sub-section (*1*) of this section, as they stood immediately before their amendment by the Finance Act, 2007, has not been made before the 1st day of June, 2007, such application shall be deemed to have been allowed to be proceeded with if the additional wealth-tax on the wealth disclosed in such application and the interest thereon is paid on or before the 31st day of July, 2007.

Explanation.—In respect of the applications referred to in this sub-section, the 31st day of July, 2007 shall be deemed to be the date of the order of rejection or allowing the application to be proceeded with under sub-section (*1*).

(*2B*) the Settlement Commission shall,—

(*i*) in respect of an application which is allowed to be proceeded with under sub-section (*1*), within thirty days from the date on which the application was made; or

(*ii*) in respect of an application referred to in sub-section (*2A*) which is deemed to have been allowed to be proceeded with under that sub-section, on or before the 7th day of August, 2007,

call for a report from the Commissioner, and the Commissioner shall furnish the report within a period of thirty days of the receipt of communication from the Settlement Commission.

(*2C*) Where a report of the Commissioner called for under sub-section (*2B*) has been furnished within the period specified therein, the Settlement Commission may, on the basis of the material contained in such report and within a period of fifteen days of the receipt of the report, by an order in writing, declare the application in question as invalid, and shall send the copy of such order to the applicant and the Commissioner:

Provided that an application shall not be declared invalid unless an opportunity has been given to the applicant of being heard:

Provided further that where the Commissioner has not furnished the report within the aforesaid period, the Settlement Commission shall proceed further in the matter without the report of the Commissioner.

(*2D*) Where an application was made under sub-section (*1*) of section 22C before the 1st day of June, 2007 and an order under the provisions of sub-section (*1*) of this section, as they stood immediately before their amendment by the Finance Act, 2007, allowing the application to have been proceeded with, has been passed before the 1st day of June, 2007, but an order under the provisions of sub-section (*4*), as they stood immediately before their amendment by the Finance Act, 2007, was not passed before the 1st day of June, 2007, such application shall not be allowed to be further proceeded with unless the additional wealth-tax on the wealth disclosed in such application and the interest thereon, is, notwithstanding any extension of time already granted by the Settlement Commission, paid on or before the 31st day of July, 2007.";

(*iii*) for sub-sections (*3*), (*4*) and (*4A*), the following sub-sections shall be substituted with effect from the 1st day of June, 2007, namely:—

"(*3*) The Settlement Commission, in respect of—

(*i*) an application which has not been declared invalid under sub-section (*2C*); or

(*ii*) an application referred to in sub-section (*2D*) which has been allowed to be further proceeded with under that sub-section,

may call for the records from the Commissioner and after examination of such records, if the Settlement Commission is of the opinion that any further enquiry or investigation in the matter is necessary, it may direct the Commissioner to make or cause to be made such further enquiry or investigation and furnish a report on the matters covered by the application and any other matter relating to the case, and the Commissioner shall furnish the report within a period of ninety days of the receipt of communication from the Settlement Commission:

Provided that where the Commissioner does not furnish his report within the aforesaid period, the Settlement Commission may proceed to pass an order under sub-section (*4*) without such report.

(*4*) After examination of the records and the report of the Commissioner, if any, received under—

(*i*) sub-section (*2B*) or sub-section (*3*), or

(*ii*) the provisions of sub-section (*1*), as they stood immediately before their amendment by the Finance Act, 2007,

and after giving an opportunity to the applicant and to the Commissioner to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Commission may, in accordance with the provisions of this Act, pass such order as it thinks fit on the matters covered by the application and any other matter relating to the case not covered by the application, but referred to in the report of the Commissioner.

(*4A*) The Settlement Commission shall pass an order under sub-section (*4*),—

(*i*) in respect of an application referred to in sub-section (*2A*) or sub-section (*2D*), on or before the 31st day of March, 2008;

(*ii*) in respect of an application made on or after 1st day of June, 2007, within nine months from the end of the month in which the application was made.";

(*iv*) in sub-section (*6A*), for the words "fifteen per cent. per annum", the words "one and one-fourth per cent. for every month or part of a month" shall be substituted with effect from the 1st day of April, 2008.

78. In section 22DD of the Wealth-tax Act, in sub-section (*2*), in the proviso, the words ", so, however, that the total period of extension shall not in any case exceed two years" shall be omitted with effect from the 1st day of June, 2007. Amendment of section 22DD.

79. In section 22E of the Wealth-tax Act, after the proviso, the following proviso shall be inserted with effect from the 1st day of June, 2007, namely:— Amendment of section 22E.

"Provided further that no proceeding shall be reopened by the Settlement Commission under this section in a case where an application under section 22C is made on or after the 1st day of June, 2007.".

80. In section 22F of the Wealth-tax Act, in sub-section (*2*), the following provisos shall be inserted with effect from the 1st day of June, 2007, namely:— Amendment of section 22F.

"Provided that where an application has been made under section 22C on or after the 1st day of June, 2007, the Settlement Commission shall have such exclusive jurisdiction from the date on which the application was made:

Provided further that where—

(*i*) an application made on or after the 1st day of June, 2007, is rejected under sub-section (*1*) of section 22D; or

(*ii*) an application is not allowed to be proceeded with under sub-section (*2A*) of section 22D, or, as the case may be, is declared invalid under sub-section (*2C*) of that section; or

(*iii*) an application is not allowed to be further proceeded with under sub-section (*2D*) of section 22D,

the Settlement Commission, in respect of such application shall have such exclusive jurisdiction up to the date on which the application is rejected, or, not allowed to be proceeded with, or, declared invalid, or, not allowed to be further proceeded with, as the case may be.".

81. In section 22H of the Wealth-tax Act, in sub-section (*1*), after the proviso, the following proviso shall be inserted with effect from the 1st day of June, 2007, namely:— Amendment of section 22H.

"Provided further that the Settlement Commission shall not grant immunity from prosecution for any offence under the Indian Penal Code or under any Central Act other than this Act and Income-tax Act, 1961 to a person who makes an application under section 22C on or after the 1st day of June, 2007.". 45 of 1860. 43 of 1961.

82. After section 22H of the Wealth-tax Act, the following sections shall be inserted with effect from the 1st day of June, 2007, namely:— Insertion of new sections 22HA and 22HAA.

'22HA. (*1*) Where,— Abatement of the proceeding before Settlement Commission.

(*i*) an application made under section 22C on or after the 1st day of June, 2007 has been rejected under sub-section (*1*) of section 22D; or

(*ii*) an application made under section 22C has not been allowed to be proceeded with under sub-section (*2A*) or further proceeded with under sub-section (*2D*) of section 22D; or

(*iii*) an application made under section 22C has been declared as invalid under sub-section (*2C*) of section 22D; or

(*iv*) in respect of any other application made under section 22C, an order under sub-section (*4*) of section 22D has not been passed within the time or period specified under sub-section (*4A*) of section 22D,

the proceedings before the Settlement Commission shall abate on the specified date.

Explanation.—For the purposes of this sub-section, "specified date" means—

(*a*) in respect of an application referred to in clause (*i*), the date on which the application was rejected;

(*b*) in respect of an application referred to in clause (*ii*), the 31st day of July, 2007;

(*c*) in respect of an application referred to in clause (*iii*) the last day of the month in which the application was declared invalid;

(*d*) in respect of an application referred to in clause (*iv*), on the date on which the time or period specified in sub-section (*4A*) of section 22D expires.

(*2*) Where a proceeding before the Settlement Commission abates, the Assessing Officer, or, as the case may be, any other Wealth-tax authority before whom the proceeding at the time of making the application was pending, shall dispose of the case in accordance with the provisions of this Act as if no application under section 22C had been made.

(*3*) For the purposes of sub-section (*2*), the Assessing Officer, or, as the case may be, other Wealth-tax authority, shall be entitled to use all the material and other information produced by the assessee before the Settlement Commission or the results of the inquiry held or evidence recorded by the Settlement Commission in the course of the proceedings before it, as if such material, information, inquiry and evidence had been produced before the Assessing Officer or other Wealth-tax authority or held or recorded by him in the course of the proceedings before him.

(*4*) For the purposes of the time-limit under sections 17A, 32, and 35 and for the purposes of payment of interest under section 34A, in case referred to in sub-section (*2*), the period commencing on and from the date of the application to the Settlement Commission under section 22C and ending with "specified date" referred to in sub-section (*1*) shall be excluded.

Credit for tax paid in case of abatement of proceedings.

22HAA. Where an application made under section 22C on or after the 1st day of June, 2007, is rejected under sub-section (*1*) of section 22D, or any other application made under section 22C is not allowed to be proceeded with under sub-section (*2A*) of section 22D or is declared invalid under sub-section (*2C*) of section 22D or has not been allowed to be further proceeded with under sub-section (*2D*) of section 22D or an order under sub-section (*4*) of section 22D has not been passed within the time or period specified under sub-section (*4A*) of section 22D, the Assessing Officer shall allow the credit for the tax and interest paid on or before the date of making the application or during the pendency of the case before the Settlement Commission.'.

Substitution of new section for section 22K. Bar on subsequent application for settlement.

83. For section 22K of the Wealth-tax Act, the following section shall be substituted with effect from the 1st day of June, 2007, namely:—

"22K. (*1*) Where,—

(*i*) an order of settlement passed under sub-section (*4*) of section 22D provides for the imposition of a penalty on the person who made the application under section 22C for settlement, on the ground of concealment of particulars of his net wealth; or

(*ii*) after the passing of an order of settlement under the said sub-section (*4*) in relation to a case, such person is convicted of any offence under Chapter VIII in relation to that case; or

(*iii*) the case of any such person was sent back to the Assessing Officer by the Settlement Commission on or before the 1st day of June, 2002,

then, he shall not be entitled to apply for settlement under section 22C in relation to any other matter.

(*2*) Where a person has made an application under section 22C on or after the 1st June, 2007 and if such application has been allowed to be proceeded with under sub-section (*1*) of section 22D, such person shall not be subsequently entitled to make an application under section 22C.".

Insertion of new section 42D.

84. After section 42C of the Wealth Tax Act, the following section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1975, namely:—

Presumption as to assets, books of account, etc.

"42D. Where any books of account or other documents, articles or things including money are found in the possession or control of any person in the course of a search, it may, in any proceeding under this Act, be presumed that—

(*i*) such books of account or other documents, articles or things including money belong to such person;

(*ii*) the contents of such books of account or other documents are true; and

(*iii*) the signature and every other part of such books of account or other documents which purport to be in the handwriting of any particular person or which may reasonably be assumed to have been signed by, or to be in the handwriting of, any particular person, are in that person's handwriting, and in the case of a document stamped, executed or attested, that it was duly stamped and executed or attested by the person by whom it purports to have been so executed or attested.".

CHAPTER IV

INDIRECT TAXES

Customs

52 of 1962.

Amendment of section 2.

85. In section 2 of the Customs Act, 1962 (hereinafter referred to as the Customs Act), in clause (*41*), for the words, brackets and figures "sub-section (*1*) of section 14", the words, brackets and figures "sub-section (*1*) or sub-section (*3*) of section 14" shall be substituted with effect from such date as the Central Government may, by notification in the Official Gazette, appoint.

Substitution of new section for section 14.

86. For section 14 of the Customs Act, the following section shall be substituted with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, namely:—

51 of 1975.

Valuation of goods for purposes of assessment.

'14. (*1*) For the purposes of the Customs Tariff Act, 1975, or any other law for the time being in force, the value of the imported goods and export goods shall be the transaction value of such goods, as determined in accordance with the rules made in this behalf:

Provided that such transaction value in the case of imported goods shall include, in addition to the price actually paid or payable for the goods when sold for export to India, any amount that the buyer is liable to pay for costs and services, including commissions and brokerage, assists, engineering, design work, royalties and licence fees, costs of transportation to the place of importation, insurance, and handling charges:

Provided further that such price shall be calculated with reference to the rate of exchange as in force on the date on which a bill of entry is presented under section 46, or a shipping bill or bill of export, as the case may be, is presented under section 50.

(*2*) Notwithstanding anything contained in sub-section (*1*), if the Board is satisfied that it is necessary or expedient so to do, it may, by notification in the Official Gazette, fix tariff values for any class of imported goods or export goods, having regard to the trend of value of such or like goods, and where any such tariff values are fixed, the duty shall be chargeable with reference to such tariff value.

(*3*) Where there is no sale of imported goods or export goods, or where the transaction value of the goods is not determinable, the value of such goods shall be determined in accordance with the rules made in this behalf.

Explanation.—For the purposes of this section—

(*a*) "rate of exchange" means the rate of exchange—

(*i*) determined by the Board, or

(*ii*) ascertained in such manner as the Board may direct,

for the conversion of Indian currency into foreign currency or foreign currency into Indian currency;

(*b*) "foreign currency" and "Indian currency" have the meanings respectively assigned to them in clause (*m*) and clause (*q*) of section 2 of the Foreign Exchange Management Act, 1999.'. 42 of 1999.

Amendment of section 27.

87. In section 27 of the Customs Act, in sub-section (*1*), in clause (*b*), after the third proviso, the following proviso shall be inserted, namely:—

"Provided also that where the duty becomes refundable as a consequence of judgment, decree, order or direction of the appellate authority, Appellate Tribunal or any court, the limitation of one year or six months, as the case may be, shall be computed from the date of such judgment, decree, order or direction.".

Amendment of section 28E.

88. In section 28E of the Customs Act, in clause (*c*), the following *Explanation* shall be inserted at the end, namely:—

'*Explanation.*—For the purposes of this clause, "joint venture in India" means a contractual arrangement whereby two or more persons undertake an economic activity which is subject to joint control and one or more of the participants or partners or equity holders is a non-resident having substantial interest in such arrangement;'.

Amendment of section 75A.

89. In section 75A of the Customs Act, for sub-section (*2*), the following sub-section shall be substituted, namely:—

"(*2*) Where any drawback has been paid to the claimant erroneously or it becomes otherwise recoverable under this Act or the rules made thereunder, the claimant shall, within a period of two months from the date of demand, pay in addition to the said amount of drawback, interest at the rate fixed under section 28AB and the amount of interest shall be calculated for the period beginning from the date of payment of such drawback to the claimant till the date of recovery of such drawback.".

Omission of Chapter XA.

90. Chapter XA of the Customs Act shall be omitted.

Amendment of section 127A.

91. In section 127A of the Customs Act, with effect from the 1st day of June, 2007, for clause (*b*), the following clause shall be substituted, namely:—

'(*b*) "case" means any proceeding under this Act or any other Act for the levy, assessment and collection of customs duty, pending before an adjudicating authority on the date on which an application under sub-section (*1*) of section 127B is made:

Provided that when any proceeding is referred back in any appeal or revision, as the case may be, by any court, Appellate Tribunal or any other authority, to the adjudicating authority for a fresh adjudication or decision, as the case may be, then such proceeding shall not be deemed to be a proceeding pending within the meaning of this clause;'.

Amendment of section 127B.

92. In section 127B of the Customs Act, with effect from the 1st day of June, 2007, for sub-section (*1*), the following sub-sections shall be substituted, namely:—

"(*1*) Any importer, exporter or any other person (hereinafter referred to as the applicant in this Chapter) may, in respect of a case, relating to him make an application, before adjudication to the Settlement Commission to have the case settled, in such form and in such manner as may be specified by rules, and containing a full and true disclosure of his duty liability which has not been disclosed before the proper officer, the manner in which such liability has been incurred, the additional amount of customs duty accepted to be payable by him and such other particulars as may be specified by rules including the particulars of such dutiable goods in respect of which he admits short levy on account of misclassification, under-valuation or inapplicability of exemption notification but excluding the goods not included in the entry made under this Act and such application shall be disposed of in the manner hereinafter provided:

Provided that no such application shall be made unless,—

(*a*) the applicant has filed a bill of entry, or a shipping bill, in respect of import or export of such goods, as the case may be, and in relation to such bill of entry or shipping bill, a show cause notice has been issued to him by the proper officer;

(*b*) the additional amount of duty accepted by the applicant in his application exceeds three lakh rupees; and

(*c*) the applicant has paid the additional amount of customs duty accepted by him along with interest due under section 28AB:

Provided further that no application shall be entertained by the Settlement Commission under this sub-section in cases which are pending in the Appellate Tribunal or any court:

Provided also that no application under this sub-section shall be made in relation to goods to which section 123 applies or to goods in relation to which any offence under the Narcotic Drugs and Psychotropic Substances Act, 1985 has been committed:

61 of 1985.

Provided also that no application under this sub-section shall be made for the interpretation of the classification of the goods under the Customs Tariff Act, 1975.

51 of 1975.

(*1A*) Notwithstanding anything contained in sub-section (*1*), where an application was made under sub-section (*1*) before the 1st day of June, 2007 but an order under sub section (*1*) of section 127C has not been made before the said date, the applicant shall within a period of thirty days from the 1st day of June, 2007 pay the accepted duty liability failing which his application shall be liable to be rejected.".

Substitution of new section for section 127C.

93. For section 127C of the Customs Act, with effect from the 1st day of June, 2007, the following section shall be substituted, namely:—

Procedure on receipt of an application under section 127B.

"127C. (*1*) On receipt of an application under section 127B, the Settlement Commission shall, within seven days from the date of receipt of the application, issue a notice to the applicant to explain in writing as to why the application made by him should be allowed to be proceeded with and after taking into consideration the explanation provided by the applicant, the Settlement Commission, shall, within a period of fourteen days from the date of the notice, by an order, allow the application to be proceeded with or reject the application, as the case may be, and the proceedings before the Settlement Commission shall abate on the date of rejection:

Provided that where no notice has been issued or no order has been passed within the aforesaid period by the Settlement Commission, the application shall be deemed to have been allowed to be proceeded with.

(*2*) A copy of every order under sub-section (*1*) shall be sent to the applicant and to the Commissioner of Customs having jurisdiction.

(*3*) Where an application is allowed or deemed to have been allowed to be proceeded with under sub-section (*1*), the Settlement Commission shall, within seven days from the date of order under sub-section (*1*), call for a report along with the relevant records from the Commissioner of Customs having jurisdiction and the Commissioner shall furnish the report within a period of thirty days of the receipt of communication from the Settlement Commission:

Provided that where the Commissioner does not furnish the report within the aforesaid period of thirty days, the Settlement Commission shall proceed further in the matter without the report of the Commissioner.

(*4*) Where a report of the Commissioner called for under sub-section (*3*) has been furnished within the period specified in that sub-section, the Settlement Commission may, after examination of such report, if it is of the opinion that any further enquiry or investigation in the matter is necessary, direct, for reasons to be recorded in writing, the Commissioner (Investigation) within fifteen days of the receipt of the report, to make or cause to be made such further enquiry or investigation and furnish a report within a period of ninety days of the receipt of the communication from the Settlement Commission, on the matters covered by the application and any other matter relating to the case:

Provided that where the Commissioner (Investigation) does not furnish the report within the aforesaid period, the Settlement Commission shall proceed to pass an order under sub-section (*5*) without such report.

(*5*) After examination of the records and the report of the Commissioner of Customs received under sub-section (*3*), and the report, if any, of the Commissioner (Investigation) of the Settlement Commission under sub-section (*4*), and after giving an opportunity to the applicant and to the Commissioner of Customs having jurisdiction to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Commission may, in accordance with the provisions of this Act, pass such order as it thinks fit on the matters covered by the application and any other matter relating to the case not covered by the application, but referred to in the report of the Commissioner of Customs and Commissioner (Investigation) under sub-section (*3*) or sub-section (*4*).

(*6*) An order under sub-section (*5*) shall not be passed in respect of an application filed on or before the 31st day of May, 2007, later than the 29th February, 2008 and in respect of an application made on or after the 1st day of June, 2007, after nine months from the last day of the month in which the application was made, failing which the settlement proceedings shall abate, and the adjudicating authority before whom the proceeding at the time of making the application was pending, shall dispose of the case in accordance with the provisions of this Act as if no application under section 127B had been made.

(*7*) Subject to the provisions of section 32A of the Central Excise Act, 1944, the materials brought on record before the Settlement Commission shall be considered by the Members of the concerned Bench before passing any order under sub-section (*5*) and, in relation to the passing of such order, the provisions of section 32D of the Central Excise Act, 1944 shall apply. 1 of 1944. 1 of 1944.

(*8*) The order passed under sub-section (*5*) shall provide for the terms of settlement including any demand by way of duty, penalty or interest, the manner in which any sums due under the settlement shall be paid and all other matters to make the settlement effective and in case of rejection contain the reasons therefor and it shall also provide that the settlement shall be void if it is subsequently found by the Settlement Commission that it has been obtained by fraud, or misrepresentation of facts:

Provided that the amount of settlement ordered by the Settlement Commission, shall not be less than the duty liability admitted by the applicant under section 127B.

(*9*) Where any duty, interest, fine and penalty payable in pursuance of an order under sub-section (*5*) is not paid by the applicant within thirty days of receipt of a copy of the order by him, the amount which remains unpaid, shall be recovered along with interest due thereon, as the sums due to the Central Government by the proper officer having jurisdiction over the applicant in accordance with the provisions of section 142.

(*10*) Where a settlement becomes void as provided under sub-section (*8*), the proceedings with respect to the matters covered by the settlement shall be deemed to have been revived from the stage at which the application was allowed to be proceeded with by the Settlement Commission and the proper officer having jurisdiction may, notwithstanding anything contained in any other provision of this Act, complete such proceedings at any time before the expiry of two years from the date of the receipt of communication that the settlement became void.".

Amendment of section 127E.

94. In section 127E of the Customs Act, after the proviso, the following proviso shall be inserted with effect from the 1st day of June, 2007, namely:—

"Provided further that no proceeding shall be reopened by the Settlement Commission under this section in a case where an application under section 127B is made on or after the 1st day of June, 2007.".

Amendment of section 127F.

95. In section 127F of the Customs Act, in sub-section (*2*), for the brackets and figures "(*7*)" and "(*6*)", the brackets and figures "(*5*)" and "(*4*)" shall respectively be substituted with effect from the 1st day of June, 2007.

Amendment of section 127H.

96. In section 127H of the Customs Act, with effect from the 1st day of June, 2007,—

(*i*) in sub-section (*1*),—

(*a*) for the words "or under the Indian Penal Code or under any other Central Act for the time being in force and also either wholly or in part from the imposition of any penalty, fine and interest", the words "and also either wholly or in part from the imposition of any penalty and fine" shall be substituted;

45 of 1860.

(*b*) after the proviso, the following *Explanation* shall be inserted, namely:—

"*Explanation.*—For the removal of doubts, it is hereby declared that the application filed before the Settlement Commission on or before the 31st day of May, 2007 shall be disposed of as if the amendment in this section had not come into force.";

(*ii*) in sub-section (*2*), for the words, brackets, figures and letter "sub-section (*7*) of section 127C within the time specified in such order or within such further time as may be allowed by the Settlement Commission", the words, brackets, figures and letter "sub-section (*5*) of section 127C within the time specified in such order" shall be substituted.

Amendment of section 127J.

97. In section 127J of the Customs Act, for the brackets and figure "(*7*)", the brackets and figure "(*5*)" shall be substituted with effect from the 1st day of June, 2007.

Amendment of section 127K.

98. In section 127K of the Customs Act, for the brackets and figure "(*7*)", the brackets and figure "(*5*)" shall be substituted with effect from the 1st day of June, 2007.

Amendment of section 127L.

99. Section 127L of the Customs Act shall be renumbered as sub-section (*1*) thereof and,—

(*i*) in sub-section (*1*) as so renumbered, for the word "Where", the words, figures and letters "Where, before the 1st day of June, 2007" shall be substituted;

(*ii*) after sub-section (*1*) as so renumbered, the following sub-section shall be inserted with effect from the 1st day of June, 2007, namely:—

"(*2*) Where an applicant has made an application under sub-section (*1*) of section 127B, on or after the 1st day of June, 2007 and if such application has been allowed to be proceeded with under sub-section (*1*) of section 127C, such applicant shall not be entitled to apply for settlement under section 127B in relation to any other matter:

Provided that such applicant shall not be prevented from filing an application for settlement if the issue in the subsequent application is, but for the period of dispute and amount, identical to the issue in respect of which the earlier application is pending before the Settlement Commission.".

Omission of section 127MA.

100. Section 127MA of the Customs Act shall be omitted with effect from the 1st day of June, 2007.

Amendment of section 129.

101. In section 129 of the Customs Act, after sub-section (*5*), the following sub-section shall be inserted, namely:—

"(*6*) On ceasing to hold office, the President, Vice-President or other Member shall not be entitled to appear, act or plead before the Appellate Tribunal.".

Amendment of section 129D.

102. In section 129D of the Customs Act,—

(*i*) for sub-section (*3*), the following sub-section shall be substituted, namely:—

"(*3*) The Committee of Chief Commissioners of Customs or Commissioner of Customs, as the case may be, shall make order under sub-section (*1*) or sub-section (*2*) within a period of three months from the date of communication of the decision or order of the adjudicating authority.";

(*ii*) in sub-section (*4*), for the words "three months", the words "one month" shall be substituted.

Amendment of section 135.

103. In section 135 of the Customs Act, for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) Without prejudice to any action that may be taken under this Act, if any person—

(*a*) is in relation to any goods in any way knowingly concerned in misdeclaration of value or in any fraudulent evasion or attempt at evasion of any duty chargeable thereon or of any prohibition for the time being imposed under this Act or any other law for the time being in force with respect to such goods; or

(*b*) acquires possession of or is in any way concerned in carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under section 111 or section 113, as the case may be; or

(*c*) attempts to export any goods which he knows or has reason to believe are liable to confiscation under section 113; or

(*d*) fraudulently avails of or attempts to avail of drawback or any exemption from duty provided under this Act in connection with export of goods,

he shall be punishable, —

(*i*) in the case of an offence relating to,—

(*A*) any goods the market price of which exceeds one crore of rupees; or

(*B*) the evasion or attempted evasion of duty exceeding thirty lakh of rupees; or

(*C*) such categories of prohibited goods as the Central Government may, by notification in the Official Gazette, specify; or

(*D*) fraudulently availing of or attempting to avail of drawback or any exemption from duty referred to in clause (*d*), if the amount of drawback or exemption from duty exceeds thirty lakh of rupees,

with imprisonment for a term which may extend to seven years and with fine:

Provided that in the absence of special and adequate reasons to the contrary to be recorded in the judgment of the court, such imprisonment shall not be for less than one year;

(*ii*) in any other case, with imprisonment for a term which may extend to three years, or with fine, or with both.".

Amendment of section 156.

104. In section 156 of the Customs Act, in sub-section (*2*), for clause (*a*), the following clauses shall be substituted with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, namely:—

"(*a*) the manner of determining the transaction value of the imported goods and export goods under sub-section (*1*) of section 14;

(*aa*) the manner of determining the value of imported goods and export goods under sub-section (*3*) of section 14;".

Customs tariff

51 of 1975.

Amendment of First Schedule and Second Schedule.

105. In the Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act),—

(*i*) the First Schedule shall be amended in the manner specified in the Second Schedule;

(*ii*) the Second Schedule shall be amended in the manner specified in the Third Schedule.

Excise

1 of 1944.

Amendment of section 3.

106. In section 3 of the Central Excise Act, 1944 (hereinafter referred to as the Central Excise Act), in sub-section (*1*),—

(*i*) in the proviso, clause (*i*) shall be omitted;

(*ii*) in *Explanation* 2 ,—

(*a*) clause (*i*) shall be omitted;

(*b*) for clause (*iii*), the following clause shall be substituted, namely:—

'(*iii*) "Special Economic Zone" has the meaning assigned to it in clause (*za*) of section 2 of the Special Economic Zones Act, 2005.'.

28 of 2005.

Amendment of section 11B.

107. In section 11B of the Central Excise Act, in the *Explanation*, in clause (*B*), after sub-clause (*eb*), the following sub-clause shall be inserted, namely:—

"(*ec*) in case where the duty becomes refundable as a consequence of judgment, decree, order or direction of appellate authority, Appellate Tribunal or any court, the date of such judgment, decree, order or direction ;".

Amendment of section 23A.

108. In section 23A of the Central Excise Act, in clause (*c*), the following *Explanation* shall be inserted at the end, namely:—

'*Explanation.*—For the purposes of this clause, "joint venture in India" means a contractual arrangement whereby two or more persons undertake an economic activity which

is subject to joint control and one or more of the participants or partners or equity holders is a non-resident having substantial interest in such arrangement;'.

Amendment of section 31.

109. In section 31 of the Central Excise Act, with effect from the 1st day of June, 2007, for clause (*c*), the following clause shall be substituted, namely:—

'(*c*) "case" means any proceeding under this Act or any other Act for the levy, assessment and collection of excise duty, pending before an adjudicating authority on the date on which an application under sub-section (*1*) of section 32E is made:

Provided that when any proceeding is referred back in any appeal or revision, as the case may be, by any court, Appellate Tribunal or any other authority, to the adjudicating authority for a fresh adjudication or decision, as the case may be, then such proceeding shall not be deemed to be a proceeding pending within the meaning of this clause;'.

Amendment of section 32A.

110. In section 32A of the Central Excise Act, after the proviso to sub-section (*6*), the following proviso shall be inserted, namely:—

"Provided further that at any stage of the hearing of any such case or matter, referred to in the first proviso, the Chairman may, if he thinks that the case or matter is of such a nature that it ought to be heard by a Bench consisting of three Members, constitute such Bench and if Vice-Chairman is not one of the Members, the senior among the Members shall act as the presiding officer of such Bench.".

Amendment of section 32E.

111. In section 32E of the Central Excise Act, with effect from the 1st day of June, 2007, for sub-section (*1*), the following sub-sections shall be substituted, namely:—

"(*1*) An assessee may, in respect of a case relating to him, make an application, before adjudication, to the Settlement Commission to have the case settled, in such form and in such manner as may be prescribed and containing a full and true disclosure of his duty liability which has not been disclosed before the Central Excise Officer having jurisdiction, the manner in which such liability has been derived, the additional amount of excise duty accepted to be payable by him and such other particulars as may be prescribed including the particulars of such excisable goods in respect of which he admits short levy on account of misclassification, under-valuation, inapplicability of exemption notification or CENVAT credit but excluding the goods in respect of which no proper record has been maintained by the assessee in his daily stock register and any such application shall be disposed of in the manner hereinafter provided:

Provided that no such application shall be made unless,—

(*a*) the applicant has filed returns showing production, clearance and central excise duty paid in the prescribed manner;

(*b*) a show cause notice for recovery of duty issued by the Central Excise Officer has been received by the applicant;

(*c*) the additional amount of duty accepted by the applicant in his application exceeds three lakh rupees; and

(*d*) the applicant has paid the additional amount of excise duty accepted by him along with interest due under section 11AB:

Provided further that no application shall be entertained by the Settlement Commission under this sub-section in cases which are pending with the Appellate Tribunal or any court :

Provided also that no application under this sub-section shall be made for the interpretation of the classification of excisable goods under the Central Excise Tariff Act, 1985. 5 of 1986.

(*1A*) Notwithstanding anything contained in sub-section (*1*), where an application was made under sub-section (*1*), before the 1st day of June, 2007 but an order under sub-section (*1*) of section 32F has not been made before the said date or payment of amount so ordered by the Settlement Commission under sub-section (*1*) of section 32F has not been made, the applicant shall within a period of thirty days from the 1st day of June, 2007, pay the accepted duty liability failing which his application shall be liable to be rejected.".

Substitution of new section for section 32F.

112. For section 32F of the Central Excise Act, with effect from the 1st day of June, 2007, the following section shall be substituted, namely:—

Procedure on receipt of an application under section 32E.

"32F. (*1*) On receipt of an application under sub-section (*1*) of section 32E, the Settlement Commission shall, within seven days from the date of receipt of the application, issue a notice to the applicant to explain in writing as to why the application made by him should be allowed to be proceeded with, and after taking into consideration the explanation provided by the applicant, the Settlement Commission, shall, within a period of fourteen days from the date of the notice, by an order, allow the application to be proceeded with, or reject the application as the case may be, and the proceedings before the Settlement Commission shall abate on the date of rejection:

Provided that where no notice has been issued or no order has been passed within the aforesaid period by the Settlement Commission, the application shall be deemed to have been allowed to be proceeded with.

(*2*) A copy of every order under sub-section (*1*), shall be sent to the applicant and to the Commissioner of Central Excise having jurisdiction.

(*3*) Where an application is allowed or deemed to have been allowed to be proceeded with under sub-section (*1*), the Settlement Commission shall, within seven days from the date of order under sub-section (*1*), call for a report along with the relevant records from the Commissioner of Central Excise having jurisdiction and the Commissioner shall furnish the report within a period of thirty days of the receipt of communication from the Settlement Commission:

Provided that where the Commissioner does not furnish the report within the aforesaid period of thirty days, the Settlement Commission shall proceed further in the matter without the report of the Commissioner.

(*4*) Where a report of the Commissioner called for under sub-section (*3*) has been furnished within the period specified in that sub-section, the Settlement Commission may, after examination of such report, if it is of the opinion that any further enquiry or investigation in the matter is necessary, direct, for reasons to be recorded in writing, the Commissioner (Investigation) within fifteen days of the receipt of the report, to make or cause to be made such further enquiry or investigation and furnish a report within a period of ninety days of the receipt of the communication from the Settlement Commission, on the matters covered by the application and any other matter relating to the case:

Provided that where the Commissioner (Investigation) does not furnish the report within the aforesaid period, the Settlement Commission shall proceed to pass an order under sub-section (*5*) without such report.

(*5*) After examination of the records and the report of the Commissioner of Central Excise received under sub-section (*3*), and the report, if any, of the Commissioner (Investigation) of the Settlement Commission under sub-section (*4*), and after giving an opportunity to the applicant and to the Commissioner of Central Excise having jurisdiction to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Commission may, in accordance with the

provisions of this Act, pass such order as it thinks fit on the matters covered by the application and any other matter relating to the case not covered by the application, but referred to in the report of the Commissioner of Central Excise and Commissioner (Investigation) under sub-section (*3*) or sub-section (*4*).

(*6*) An order under sub-section (*5*) shall not be passed in respect of an application filed on or before the 31st day of May, 2007, later than the 29th day of February, 2008 and in respect of an application made on or after the 1st day of June, 2007, after nine months from the last day of the month in which the application was made, failing which the settlement proceedings shall abate, and the adjudicating authority before whom the proceeding at the time of making the application was pending, shall dispose of the case in accordance with the provisions of this Act as if no application under section 32E had been made.

(*7*) Subject to the provisions of section 32A, the materials brought on record before the Settlement Commission shall be considered by the Members of the concerned Bench before passing any order under sub-section (*5*) and, in relation to the passing of such order, the provisions of section 32D shall apply.

(*8*) The order passed under sub-section (*5*) shall provide for the terms of settlement including any demand by way of duty, penalty or interest, the manner in which any sums due under the settlement shall be paid and all other matters to make the settlement effective and in case of rejection contain the reasons therefor and it shall also provide that the settlement shall be void if it is subsequently found by the Settlement Commission that it has been obtained by fraud, or misrepresentation of facts:

Provided that the amount of settlement ordered by the Settlement Commission shall not be less than the duty liability admitted by the applicant under section 32E.

(*9*) Where any duty, interest, fine and penalty payable in pursuance of an order under sub-section (*5*), is not paid by the assessee within thirty days of receipt of a copy of the order by him, the amount which remains unpaid, shall be recovered along with interest due thereon as the sums due to the Central Government by the Central Excise Officer having jurisdiction over the assessee in accordance with the provisions of section 11.

(*10*) Where a settlement becomes void as provided under sub-section (*8*), the proceedings with respect to the matters covered by the settlement shall be deemed to have been revived from the stage at which the application was allowed to be proceeded with by the Settlement Commission and the Central Excise Officer having jurisdiction may, notwithstanding anything contained in any other provision of this Act, complete such proceedings at any time before the expiry of two years from the date of the receipt of communication that the settlement became void.".

Amendment of section 32H.

113. In section 32H of the Central Excise Act, after the proviso, the following proviso shall be inserted with effect from the 1st day of June, 2007, namely:—

"Provided further that no proceeding shall be reopened by the Settlement Commission under this section in a case where an application under section 32E is made on or after the 1st day of June, 2007.".

Amendment of section 32-I.

114. In section 32-I of the Central Excise Act, in sub-section (*2*), for the brackets and figures "(*7*)" and "(*6*)", the brackets and figures "(*5*)" and "(*4*)" shall respectively be substituted with effect from the 1st day of June, 2007.

Amendment of section 32K.

115. In section 32K of the Central Excise Act, with effect from the 1st day of June, 2007,—

(*i*) in sub-section (*1*),—

(*a*) for the words "or under the Indian Penal Code or under any other Central Act for the time being in force and also either wholly or in part from the 45 of 1860.

imposition of any penalty, fine and interest" the words "and also either wholly or in part from the imposition of any penalty and fine" shall be substituted;

(*b*) after the proviso, the following *Explanation* shall be inserted, namely:—

"*Explanation.*—For the removal of doubts, it is hereby declared that applications filed before the Settlement Commission on or before the 31st day of May, 2007 shall be disposed of as if the amendment in this section had not come into force.";

(*ii*) in sub-section (*2*), for the words, brackets, figures and letter "sub-section (*7*) of section 32F within the time specified in such order or within such further time as may be allowed by the Settlement Commission", the words, brackets, figures and letter "sub-section (*5*) of section 32F within the time specified in such order" shall be substituted.

Amendment of section 32M.

116. In section 32M of the Central Excise Act, for the brackets and figure "(*7*)", the brackets and figure "(*5*)" shall be substituted with effect from the 1st day of June, 2007.

Amendment of section 32N.

117. In section 32N of the Central Excise Act, for the brackets and figure "(*7*)", the brackets and figure "(*5*)" shall be substituted with effect from the 1st day of June, 2007.

Amendment of section 32-O.

118. Section 32-O of the Central Excise Act shall be renumbered as sub-section (*1*) thereof and,—

(*i*) in sub-section (*1*) as so renumbered, for the word "Where", the words, figures and letters "Where, before the 1st day of June, 2007" shall be substituted;

(*ii*) after sub-section (*1*) as so renumbered, the following sub-section shall be inserted with effect from the 1st day of June, 2007, namely: –

"(*2*) Where an assessee has made an application under sub-section (*1*) of section 32E, on or after the 1st day of June, 2007 and if such application has been allowed to be proceeded with under sub-section (*1*) of section 32F, such assessee shall not be entitled to apply for settlement under section 32E in relation to any other matter:

Provided that such assessee shall not be prevented from filing an application for settlement if the issue in the subsequent application is, but for the period of dispute and amount, identical to the issue in respect of which the earlier application is pending before the Settlement Commission.".

Omission of section 32PA.

119. Section 32PA of the Central Excise Act shall be omitted with effect from the 1st day of June, 2007.

Amendment of section 35E.

120. In section 35E of the Central Excise Act,—

(*i*) for sub-section (*3*), the following sub-section shall be substituted, namely:—

"(*3*) The Committee of Chief Commissioners of Central Excise or Commissioner of Central Excise, as the case may be, shall make order under sub-section (*1*) or sub-section (*2*) within a period of three months from the date of communication of the decision or order of the adjudicating authority.";

(*ii*) in sub-section (*4*), for the words "three months", the words "one month" shall be substituted.

Amendment of section 35F.

121. In section 35F of the Central Excise Act, after the second proviso, the following *Explanation* shall be inserted, namely:—

'*Explanation.*—For the purposes of this section "duty demanded" shall include,—

(*i*) amount determined under section 11D;

(*ii*) amount of erroneous CENVAT credit taken;

(*iii*) amount payable under rule 57CC of Central Excise Rules, 1944;

(*iv*) amount payable under rule 6 of CENVAT Credit Rules, 2001 or CENVAT Credit Rules, 2002 or CENVAT Credit Rules, 2004;

(*v*) interest payable under the provisions of this Act or the rules made thereunder.'.

Amendment of section 37.

122. In section 37 of the Central Excise Act,—

(*i*) in sub-section (*4*), for the words "ten thousand rupees", the words "two thousand rupees" shall be substituted;

(*ii*) in sub-section (*5*), for the words "ten thousand rupees", the words "two thousand rupees" shall be substituted.

Amendment of Third Schedule.

123. In the Central Excise Act,—

(*i*) the Third Schedule shall be amended in the manner specified in Part I of the Fourth Schedule; and

(*ii*) the Third Schedule except as amended in clause (*i*) shall also be amended with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, in the manner specified in Part II of the Fourth Schedule.

Excise tariff

Amendment of First Schedule to Act 5 of 1986.

124. In the Central Excise Tariff Act, 1985, the First Schedule shall be amended in the manner specified in the Fifth Schedule.

CHAPTER V

SERVICE TAX

Amendment of Act 32 of 1994.

125. In the Finance Act, 1994,—

(*A*) in section 65, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint,—

(*1*) in clause (*12*),—

(*a*) in sub-clause (*a*),—

(*i*) for the words "or any other person", the words "or commercial concern" shall be substituted;

(*ii*) in item (*i*), the following *Explanation* shall be inserted at the end, namely:—

'*Explanation.*—For the purposes of this item, "financial leasing" means a lease transaction where—

(*i*) contract for lease is entered into between two parties for leasing of a specific asset;

(*ii*) such contract is for use and occupation of the asset by the lessee;

(*iii*) the lease payment is calculated so as to cover the full cost of the asset together with the interest charges; and

(*iv*) the lessee is entitled to own, or has the option to own, the asset at the end of the lease period after making the lease payment;';

(*iii*) in item (*v*), for the words "custodial, depository and trust services, but does not include cash management", the words "custodial, depository and trust services" shall be substituted;

(*2*) for clause (*20*), the following clause shall be substituted, namely:—'

'(*20*) "cab" means—

(*i*) a motorcab, or

(*ii*) a maxicab, or

(*iii*) any motor vehicle constructed or adapted to carry more than twelve passengers, excluding the driver, for hire or reward:

Provided that the maxicab referred to in sub-clause (*ii*) or motor vehicle referred to in sub-clause (*iii*) which is rented for use by an educational body imparting skill or knowledge or lessons on any subject or field, other than a commercial training or coaching centre, shall not be included within the meaning of cab;';

(*3*) after clause (*36a*), the following clauses shall be inserted, namely:—

'(*36b*) "design services" includes services provided in relation to designing of furniture, consumer products, industrial products, packages, logos, graphics, websites and corporate identity designing and production of three dimensional models;

(*36c*) "development and supply of content" includes development and supply of mobile value added services, music, movie clips, ring tones, wall paper, mobile games, data, whether or not aggregated, information, news and animation films;';

(*4*) in clause (*40*), for the words "sports or any other event", the words "sports, marriage or any other event" shall be substituted;

(*5*) clause (*60*) shall be omitted;

(*6*) in clause (*64*), the following *Explanation* shall be inserted at the end, namely:—

'*Explanation.*—For the removal of doubts, it is hereby declared that for the purposes of this clause, "goods" includes computer software;';

(*7*) for clause (*65*), the following clause shall be substituted, namely:—

'(*65*) "management or business consultant" means any person who is engaged in providing any service, either directly or indirectly, in connection with the management of any organisation or business in any manner and includes any person who renders any advice, consultancy or technical assistance, in relation to financial management, human resources management, marketing management, production management, logistics management, procurement and management of information technology resources or other similar areas of management;';

(*8*) after clause (*66*), the following *Explanation* shall be inserted, namely:—

"*Explanation.*—For the purposes of this clause, social function includes marriage;";

(*9*) after clause (*67*), the following *Explanation* shall be inserted, namely:—

'*Explanation.*—For the purposes of this clause, "social function" includes marriage;';

(*10*) after clause (*77a*), the following *Explanation* shall be inserted, namely:—

'*Explanation.*—For the purposes of this clause, "social function" includes marriage;';

(*11*) after clause (*90*), the following clause shall be inserted, namely:—

'(*90a*) "renting of immovable property" includes renting, letting, leasing, licensing or other similar arrangements of immovable property for use in the course or furtherance of business or commerce but does not include—

(*i*) renting of immovable property by a religious body or to a religious body; or

(*ii*) renting of immovable property to an educational body, imparting skill or knowledge or lessons on any subject or field, other than a commercial training or coaching centre;

Explanation.—For the purposes of this clause, "for use in the course or furtherance of business or commerce" includes use of immovable property as factories, office buildings, warehouses, theatres, exhibition halls and multiple-use buildings;';

(*12*) clause (*104*) shall be omitted;

(*13*) in clause (*105*),—

(*a*) sub-clauses (*b*) and (*c*) shall be omitted;

(*b*) in sub-clause (*g*), for the words "but not in the discipline of computer hardware engineering or computer software engineering", the words "including the discipline of computer hardware engineering but excluding the discipline of computer software engineering" shall be substituted;

(*c*) in sub-clause (*k*), the following *Explanation* shall be inserted at the end, namely:—

'*Explanation.*—For the removal of doubts, it is hereby declared that for the purposes of this sub-clause, recruitment or supply of manpower includes services in relation to pre-recruitment screening, verification of the credentials and antecedents of the candidate and authenticity of documents submitted by the candidate;';

(*d*) for sub-clause (*r*), the following sub-clause shall be substituted, namely:—

"(*r*) to a client, by a management or business consultant in connection with the management of any organisation or business, in any manner;";

(*e*) sub-clauses (*zd*), (*ze*), (*zf*) and (*zg*) shall be omitted;

(*f*) in sub-clause (*zm*), for the words "or any other person", the words "or commercial concern" shall be substituted;

(*g*) in sub-clause (*zzzm*), for *Explanation 2*, the following *Explanation* shall be substituted, namely:—

'*Explanation 2.*—For the purposes of this sub-clause, "print media" means,—

(*i*) "newspaper" as defined in sub-section (*1*) of section 1 of the Press and Registration of Books Act, 1867; 25 of 1867.

(*ii*) "book" as defined in sub-section (*l*) of section 1 of the Press and Registration of Books Act, 1867, but does not include business directories, yellow pages and trade catalogues which are primarily meant for commercial purposes;';

25 of 1867.

(*h*) after sub-clause (*zzzw*), the following sub-clauses shall be inserted, namely:—

'(*zzzx*) to any person, by the telegraph authority in relation to telecommunication service;

(*zzzy*) to any person, by any other person in relation to mining of mineral, oil or gas;

(*zzzz*) to any person, by any other person in relation to renting of immovable property for use in the course or furtherance of business or commerce.

Explanation 1.—For the purposes of this sub-clause, "immovable property" includes—

(*i*) building and part of a building, and the land appurtenant thereto;

(*ii*) land incidental to the use of such building or part of a building;

(*iii*) the common or shared areas and facilities relating thereto; and

(*iv*) in case of a building located in a complex or an industrial estate, all common areas and facilities relating thereto, within such complex or estate,

but does not include—

(*a*) vacant land solely used for agriculture, aquaculture, farming, forestry, animal husbandry, mining purposes;

(*b*) vacant land, whether or not having facilities clearly incidental to the use of such vacant land;

(*c*) land used for educational, sports, circus, entertainment and parking purposes; and

(*d*) building used solely for residential purposes and buildings used for the purposes of accommodation, including hotels, hostels, boarding houses, holiday accommodation, tents, camping facilities.

Explanation 2.—For the purposes of this sub-clause, an immovable property partly for use in the course or furtherance of business or commerce and partly for residential or any other purposes shall be deemed to be immovable property for use in the course or furtherance of business or commerce;

(*zzzza*) to any person, by any other person in relation to the execution of a works contract, excluding works contract in respect of roads, airports, railways, transport terminals, bridges, tunnels and dams.

Explanation.—For the purposes of this sub-clause, "works contract" means a contract wherein,—

(*i*) transfer of property in goods involved in the execution of such contract is leviable to tax as sale of goods, and

(*ii*) such contract is for the purposes of carrying out,—

(*a*) erection, commissioning or installation of plant, machinery, equipment or structures, whether pre-fabricated or otherwise, installation of electrical and electronic devices, plumbing, drain laying or other installations for transport of fluids, heating, ventilation or air-conditioning including related pipe work, duct work and sheet metal work, thermal insulation, sound insulation, fire proofing or water proofing, lift and escalator, fire escape staircases or elevators; or

(*b*) construction of a new building or a civil structure or a part thereof, or of a pipeline or conduit, primarily for the purposes of commerce or industry; or

(*c*) construction of a new residential complex or a part thereof; or

(*d*) completion and finishing services, repair, alteration, renovation or restoration of, or similar services, in relation to (*b*) and (*c*); or

(*e*) turnkey projects including engineering, procurement and construction or commissioning (*EPC*) projects;

(*zzzzb*) to any person, by any other person in relation to development and supply of content for use in telecommunication services, advertising agency services and on-line information and database access or retrieval services;

(*zzzzc*) to any person, by any other person, except a banking company or a financial institution including a non-banking financial company or any other body corporate or commercial concern referred to in sub-clause (*zm*), in relation to asset management including portfolio management and all forms of fund management;

(*zzzzd*) to any person, by any other person in relation to design services,

but does not include service provided by—

(*i*) an interior decorator referred to in sub-clause (*q*); and

(*ii*) a fashion designer in relation to fashion designing referred to in sub-clause (*zv*);";

(*14*) after clause (*109*), the following clause shall be inserted, namely:—

'(*109a*) "telecommunication service" means service of any description provided by means of any transmission, emission or reception of signs, signals, writing, images and sounds or intelligence or information of any nature, by wire, radio, optical, visual or other electro-magnetic

means or systems, including the related transfer or assignment of the right to use capacity for such transmission, emission or reception by a person who has been granted a licence under the first proviso to sub-section (*1*) of section 4 of the Indian Telegraph Act, 1885 and includes— 13 of 1885.

(*i*) voice mail, data services, audio tex services, video tex services, radio paging;

(*ii*) fixed telephone services including provision of access to and use of the public switched telephone network for the transmission and switching of voice, data and video, inbound and outbound telephone service to and from national and international destinations;

(*iii*) cellular mobile telephone services including provision of access to and use of switched or non-switched networks for the transmission of voice, data and video, inbound and outbound roaming service to and from national and international destinations;

(*iv*) carrier services including provision of wired or wireless facilities to originate, terminate or transit calls, charging for interconnection, settlement or termination of domestic or international calls, charging for jointly used facilities including pole attachments, charging for the exclusive use of circuits, a leased circuit or a dedicated link including a speech circuit, data circuit or a telegraph circuit;

(*v*) provision of call management services for a fee including call waiting, call forwarding, caller identification, three-way calling, call display, call return, call screen, call blocking, automatic call-back, call answer, voice mail, voice menus and video conferencing;

(*vi*) private network services including provision of wired or wireless telecommunication link between specified points for the exclusive use of the client;

(*vii*) data transmission services including provision of access to wired or wireless facilities and services specifically designed for efficient transmission of data; and

(*viii*) communication through facsimile, pager, telegraph and telex,

but does not include service provided by—

(*a*) any person in relation to on-line information and database access or retrieval or both referred to in sub-clause (*zh*) of clause (*105*);

(*b*) a broadcasting agency or organisation in relation to broad-casting referred to in sub-clause (*zk*) of clause (*105*); and

(*c*) any person in relation to internet telephony referred to in sub-clause (*zzzu*) of clause (*105*);';

(*B*) for section 66, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, the following section shall be substituted, namely:—

"*66*. There shall be levied a tax (hereinafter referred to as the service tax) at the rate of twelve per cent. of the value of taxable services referred to in sub-clauses (*a*), (*d*), (*e*), (*f*), (*g*,) (*h*), (*i*), (*j*), (*k*), (*l*), (*m*), (*n*), (*o*), (*p*), (*q*), (*r*), (*s*), (*t*), (*u*), (*v*), (*w*), (*x*), (*y*), (*z*), (*za*), (*zb*), (*zc*), (*zh*), (*zi*), (*zj*), (*zk*), (*zl*), (*zm*), (*zn*), (*zo*), (*zq*), (*zr*),

(*zs*), (*zt*), (*zu*), (*zv*), (*zw*), (*zx*), (*zy*), (*zz*), (*zza*), (*zzb*), (*zzc*), (*zzd*), (*zze*), (*zzf*), (*zzg*), (*zzh*), (*zzi*), (*zzk*), (*zzl*), (*zzm*), (*zzn*), (*zzo*), (*zzp*), (*zzq*), (*zzr*), (*zzs*), (*zzt*), (*zzu*), (*zzv*), (*zzw*), (*zzx*), (*zzy*), (*zzz*), (*zzza*), (*zzzb*), (*zzzc*), (*zzzd*), (*zzze*), (*zzzf*), (*zzzg*), (*zzzh*), (*zzzi*), (*zzzj*), (*zzzk*), (*zzzl*), (*zzzm*), (*zzzn*), (*zzzo*), (*zzzp*), (*zzzq*), (*zzzr*), (*zzzs*), (*zzzt*), (*zzzu*), (*zzzv*), (*zzzw*), (*zzzx*), (*zzzy*), (*zzzz*), (*zzzza*), (*zzzzb*), (*zzzzc*) and (*zzzzd*) of clause (105) of section 65 and collected in such manner as may be prescribed.";

(*C*) in section 70, in sub-section (*1*), for the words " as may be prescribed", the words "and with such late fee not exceeding two thousand rupees, for delayed furnishing of return, as may be prescribed" shall be substituted;

(*D*) in section 83,—

(*i*) after the figures "14,", the figures and letters "14AA," shall be inserted;

(*ii*) after the figures and letter "37D", the figures and letter "38A", shall be inserted;

(*E*) in section 86,—

(*a*) after sub-section (*1*), the following sub-section shall be inserted, namely:—

"(*1A*)(*i*) The Board may, by notification in the Official Gazette, constitute such Committees as may be necessary for the purposes of this Chapter.

(*ii*) Every Committee constituted under clause (*i*) shall consist of two Chief Commissioners of Central Excise or two Commissioners of Central Excise, as the case may be.";

(*b*) in sub-section (*2*), for the word "Board", the words "Committee of Chief Commissioners of Central Excise" shall be substituted;

(*c*) for sub-section (*2A*), the following sub-section shall be substituted, namely:—

"(*2A*) The Committee of Commissioners may, if it objects to any order passed by the Commissioner of Central Excise (Appeals) under section 85, direct any Central Excise Officer to appeal on its behalf to the Appellate Tribunal against the order.";

(*d*) in sub-section (*3*), for the words "Board or by the Commissioner of Central Excise", the words "Committee of Chief Commissioners or the Committee of Commissioners" shall be substituted;

(*F*) in section 94, in sub-section (*2*), for clause (*c*), the following clause shall be substituted, namely:—

"(c) the form, manner and frequency of the returns to be furnished under sub-sections (*1*) and (*2*) and the late fee for delayed furnishing of return under sub-section (*1*) of section 70;".

(G) in section 95, after sub-section (*1C*), the following sub-section shall be inserted, namely:—

"(1D) If any difficulty arises in respect of implementing, classifying or assessing the value of any taxable service incorporated in this Chapter by the Finance Act, 2007, the Central Government may, by order published in the Official Gazette, not inconsistent with the provisions of this Chapter, remove the difficulty :

Provided that no such order shall be made after the expiry of a period of one year from the date on which the Finance Bill, 2007 receives the assent of the President.";

(*H*) in section 96A, in clause (*b*), the following *Explanation* shall be inserted at the end, namely:—

'*Explanation.*— For the purposes of this clause, "joint venture in India" means a contractual arrangement whereby two or more persons undertake an economic activity which is subject to joint control and one or more of the participants or partners or equity holders is a non-resident having substantial interest in such arrangement;'.

CHAPTER VI

SECONDARY AND HIGHER EDUCATION CESS

Secondary and Higher Education Cess.

126. (*1*) Without prejudice to the provisions of sub-section (*12*) of section 2, there shall be levied and collected, in accordance with the provisions of this Chapter as surcharge for purposes of the Union, a cess to be called the Secondary and Higher Education Cess, to fulfil the commitment of the Government to provide and finance secondary and higher education.

(*2*) The Central Government may, after due appropriation made by Parliament by law in this behalf, utilise, such sums of money of the Secondary and Higher Education Cess levied under sub-section (*12*) of section 2 and this Chapter for the purposes specified in sub-section (*1*) as it may consider necessary.

Definition.

1 of 1944.
52 of 1962.
32 of 1994.

127. The words and expressions used in this Chapter and defined in the Central Excise Act, 1944, the Customs Act, 1962 or Chapter V of the Finance Act, 1994, shall have the meanings respectively assigned to them in those Acts or Chapter, as the case may be.

Secondary and Higher Education Cess on excisable goods.

5 of 1986.

128. (*1*) The Secondary and Higher Education Cess levied under section 126, in the case of goods specified in the First Schedule to the Central Excise Tariff Act, 1985, being goods manufactured or produced, shall be a duty of excise (in this section referred to as the Secondary and Higher Education Cess on excisable goods), at the rate of one per cent., calculated on the aggregate of all duties of excise (including special duty of excise or any other duty of excise but excluding Education Cess chargeable under section 93 of the Finance (No. 2) Act, 2004 and Secondary and Higher Education Cess on excisable goods) which are levied and collected by the Central Government in the Ministry of Finance (Department of Revenue), under the provisions of the Central Excise Act, 1944 or under any other law for the time being in force.

23 of 2004.

1 of 1944.

(*2*) The Secondary and Higher Education Cess on excisable goods shall be in addition to any other duties of excise chargeable on such goods, under the Central Excise Act, 1944 or any other law for the time being in force and the Education Cess chargeable under section 93 of the Finance (No. 2) Act, 2004.

1 of 1944.

23 of 2004.

(*3*) The provisions of the Central Excise Act, 1944 and the rules made thereunder, including those relating to refunds and exemptions from duties and imposition of penalty shall, as far as may be, apply in relation to the levy and collection of the Secondary and Higher Education Cess on excisable goods as they apply in relation to the levy and collection of the duties of excise on such goods under the Central Excise Act, 1944 or the rules made thereunder, as the case may be.

Secondary and Higher Education Cess on imported goods.

51 of 1975.

129. (*1*) The Secondary and Higher Education Cess levied under section 126, in the case of goods specified in the First Schedule to the Customs Tariff Act, 1975, being goods imported into India, shall be a duty of customs (in this section referred to as the Secondary and Higher Education Cess on imported goods), at the rate of one per cent., calculated on the aggregate of duties of customs which are levied and collected by the Central Government in the Ministry of Finance (Department of Revenue), under section 12 of the Customs Act, 1962 and any sum chargeable on such goods under any other law for the time being in force, as an addition to, and in the same manner as, a duty of customs, but not including –

52 of 1962.

(*a*) the additional duty referred to in sub-section (*5*) of section 3 of the Customs Tariff Act, 1975;

51 of 1975.

(*b*) the safeguard duty referred to in sections 8B and 8C of the Customs Tariff Act, 1975; 51 of 1975.

(*c*) the countervailing duty referred to in section 9 of the Customs Tariff Act, 1975; 51 of 1975.

(*d*) the anti-dumping duty referred to in section 9A of the Customs Tariff Act, 1975; and 51 of 1975.

(*e*) the Education Cess chargeable under section 94 of the Finance (No. 2) Act, 2004 and Secondary and Higher Education Cess on imported goods. 23 of 2004.

(*2*) The Secondary and Higher Education Cess on imported goods shall be in addition to any other duties of customs chargeable on such goods, under the Customs Act, 1962 or any other law for the time being in force and the Education Cess chargeable under section 94 of the Finance (No. 2) Act, 2004. 52 of 1962.

(*3*) The provisions of the Customs Act, 1962 and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties and imposition of penalty shall, as far as may be, apply in relation to the levy and collection of the Secondary and Higher Education Cess on imported goods as they apply in relation to the levy and collection of the duties of customs on such goods under the Customs Act, 1962 or the rules or the regulations made thereunder, as the case may be. 52 of 1962.

Secondary and Higher Education Cess on taxable services.

130. (*1*) The Secondary and Higher Education Cess levied under section 126, in the case of all services which are taxable services, shall be a tax (in this section referred to as the Secondary and Higher Education Cess on taxable services) at the rate of one per cent., calculated on the tax which is levied and collected under section 66 of the Finance Act, 1994. 32 of 1994.

(*2*) The Secondary and Higher Education Cess on taxable services shall be in addition to the tax chargeable on such taxable services, under Chapter V of the Finance Act, 1994 and the Education Cess chargeable under section 95 of the Finance (No. 2) Act, 2004. 32 of 1994. 23 of 2004.

(*3*) The provisions of Chapter V of the Finance Act, 1994 and the rules made thereunder, including those relating to refunds and exemptions from tax and imposition of penalty shall, as far as may be, apply in relation to the levy and collection of the Secondary and Higher Education Cess on taxable services, as they apply in relation to the levy and collection of tax on such taxable services under Chapter V of the Finance Act, 1994 or the rules made thereunder, as the case may be. 32 of 1994.

Amendment of Act 23 of 2004.

131. In the Finance (No. 2) Act, 2004,—

(*1*) in section 93, in sub-section (*1*), for the words "excluding Education Cess", the words "excluding Education Cess, and Secondary and Higher Education Cess levied under section 126 of the Finance Act, 2007" shall be substituted;

(*2*) in section 94, in sub-section (*1*), in clause (*d*), for the words "Education Cess", the words "Education Cess, and Secondary and Higher Education Cess levied under section 126 of the Finance Act, 2007" shall be substituted.

CHAPTER VII

MISCELLANEOUS

Amendment of section 14 of Act 74 of 1956.

132. In the Central Sales Tax Act, 1956, in section 14, for clause (*iid*), the following clause shall be substituted, namely:—

'(*iid*) Aviation Turbine Fuel sold to an aircraft with a maximum take-off mass of less than forty thousand kilograms operated by scheduled airlines.

Explanation.—For the purposes of this clause, "scheduled airlines" means the airlines which have been permitted by the Central Government to operate any Scheduled air transport service.'.

Amendment of first Schedule to Act, 58 of 1957.

133. In the Additional Duties of Excise (Goods of Special Importance) Act, 1957, the First Schedule shall be amended in the manner specified in the Sixth Schedule.

Amendment of section 94 of Act, 18 of 2005.

134. In Chapter VII of the Finance Act, 2005, in section 94, with effect from the 1st day of June, 2007,—

(*a*) in clause (*5*), the words "and includes an office or establishment of the Central Government or the Government of a State" shall be omitted;

(*b*) in clause (*8*),—

(*i*) in sub-clause (*a*), in item (*i*), for the words "twenty-five thousand rupees", the words "fifty thousand rupees" shall be substituted;

(*ii*) in sub-clause (*b*), in item (*i*), for the words "twenty-five thousand rupees", the words "fifty thousand rupees" shall be substituted.

Declaration under the Provisional Collection of Taxes Act, 1931

It is hereby declared that it is expedient in the public interest that the provisions of clauses 105 (*ii*), 123 (*i*), 124 and 126 read with clauses 128 and 129 (excluding Secondary and Higher Education Cess on taxable services) of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931. 16 of 1931.

THE FIRST SCHEDULE

(*See* section 2)

PART I

INCOME-TAX

Paragraph A

(*I*) In the case of every individual other than the individual referred to in items (*II*) and (*III*) of this Paragraph or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 1,00,000	*Nil;*
(2) where the total income exceeds Rs.1,00,000 but does not exceed Rs. 1,50,000	10 per cent. of the amount by which the total income exceeds Rs. 1,00,000;
(3) where the total income exceeds Rs. 1,50,000 but does not exceed Rs. 2,50,000	Rs. 5,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 1,50,000;
(4) where the total income exceeds Rs. 2,50,000	Rs. 25,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 2,50,000.

(*II*) In the case of every individual, being a woman resident in India, and below the age of sixty-five years at any time during the previous year,—

Rates of income-tax

(1) where the total income does not exceed Rs. 1,35,000	*Nil;*
(2) where the total income exceeds Rs. 1,35,000 but does not exceed Rs. 1,50,000	10 per cent. of the amount by which the total income exceeds Rs. 1,35,000;
(3) where the total income exceeds Rs. 1,50,000 but does not exceed Rs. 2,50,000	Rs. 1,500 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 1,50,000;
(4) where the total income exceeds Rs. 2,50,000	Rs. 21,500 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 2,50,000.

(*III*) In the case of every individual, being a resident in India, who is of the age of sixty-five years or more at any time during the previous year,—

Rates of income-tax

(1) where the total income does not exceed Rs. 1,85,000	*Nil;*
(2) where the total income exceeds Rs. 1,85,000 but does not exceed Rs. 2,50,000	20 per cent. of the amount by which the total income exceeds Rs. 1,85,000;
(3) where the total income exceeds Rs. 2,50,000	Rs. 13,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 2,50,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall,—

(*i*) in the case of every individual or Hindu undivided family or association of persons or body of individuals having a total income exceeding ten lakh rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A, and the income-tax as so reduced, be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax;

(*ii*) in the case of every person, other than those mentioned in item (*i*), be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax:

Provided that in case of persons mentioned in item (*i*) above having a total income exceeding ten lakh rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of ten lakh rupees by more than the amount of income that exceeds ten lakh rupees.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(1) where the total income does not exceed Rs.10,000	10 per cent. of the total income;
(2) where the total income exceeds Rs.10,000 but does not exceed Rs. 20,000	Rs.1,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs.10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 3,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 20,000.

Paragraph C

In the case of every firm,—

Rate of income-tax

On the whole of the total income	30 per cent.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified, or in section 111A or section 112, shall, in the case of every firm, be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income	30 per cent.

Paragraph E

In the case of a company,—

Rates of income-tax

I. In the case of a domestic company	30 per cent. of the total income;
II. In the case of a company other than a domestic company—	
(*i*) on so much of the total income as consists of,—	
(*a*) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976; or	
(*b*) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,	
and where such agreement has, in either case, been approved by the Central Government	50 per cent.;
(*ii*) on the balance, if any, of the total income	40 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every company, be increased by a surcharge for purposes of the Union calculated,—

(*i*) in the case of every domestic company at the rate of ten per cent. of such income-tax;

(*ii*) in the case of every company other than a domestic company at the rate of two and one-half per cent.

PART II

RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to the deduction at the following rates:—

	Rate of income-tax
1. In the case of a person other than a company—	
(*a*) where the person is resident in India—	
(*i*) on income by way of interest other than "Interest on securities"	10 per cent.;
(*ii*) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent.;
(*iii*) on income by way of winnings from horse races	30 per cent.;
(*iv*) on income by way of insurance commission	10 per cent.;
(*v*) on income by way of interest payable on—	10 per cent.;
(*A*) any debentures or securities, other than a security of the Central or State Government, for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;	
(*B*) any debentures issued by a company where such debentures are listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and any rules made thereunder	
(*vi*) on any other income	20 per cent.;
(*b*) where the person is not resident in India—	
(*i*) in the case of a non-resident Indian—	
(*A*) on any investment income	20 per cent.;
(*B*) on income by way of long-term capital gains referred to in section 115E	10 per cent.;
(*C*) on income by way of short-term capital gains referred to in section 111A	10 per cent.;
(*D*) on other income by way of long-term capital gains [not being long-term capital gains referred to in clauses (*33*), (*36*) and (*38*) of section 10]	20 per cent.;
(*E*) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	20 per cent.;
(*F*) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to a person resident in India—	

	Rate of income-tax
(*I*) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005	20 per cent.;
(*II*) where the agreement is made on or after the 1st day of June, 2005	10 per cent.;
(*G*) on income by way of royalty [not being royalty of the nature referred to in sub-item (*b*)(*i*)(*F*)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—	
(*I*) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005	20 per cent.;
(*II*) where the agreement is made on or after the 1st day of June, 2005	10 per cent.;
(*H*) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—	
(*I*) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005	20 per cent.;
(*II*) where the agreement is made on or after the 1st day of June, 2005	10 per cent.;
(*I*) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent.;
(*J*) on income by way of winnings from horse races	30 per cent.;
(*K*) on the whole of the other income	30 per cent.;
(*ii*) in the case of any other person—	
(*A*) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	20 per cent.;
(*B*) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to a person resident in India—	
(*I*) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005	20 per cent.;
(*II*) where the agreement is made on or after the 1st day of June, 2005	10 per cent.;
(*C*) on income by way of royalty [not being royalty of the nature referred to in sub-item (*b*)(*ii*)(*B*)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and	

	Rate of income-tax
where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—	
(*I*) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005	20 per cent.;
(*II*) where the agreement is made on or after the 1st day of June, 2005	10 per cent.;
(*D*) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—	
(*I*) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005	20 per cent.;
(*II*) where the agreement is made on or after the 1st day of June, 2005	10 per cent.;
(*E*) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent.;
(*F*) on income by way of winnings from horse races	30 per cent.;
(*G*) on income by way of short-term capital gains referred to in section 111A	10 per cent.;
(*H*) on income by way of long-term capital gains [not being long-term capital gains referred to in clauses (*33*), (*36*) and (*38*) of section 10]	20 per cent.;
(*I*) on the whole of the other income	30 per cent.;
2. In the case of a company—	
(*a*) where the company is a domestic company—	
(*i*) on income by way of interest other than "Interest on securities"	20 per cent.;
(*ii*) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent.;
(*iii*) on income by way of winnings from horse races	30 per cent.;
(*iv*) on any other income	20 per cent.;
(*b*) where the company is not a domestic company—	
(*i*) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent.;
(*ii*) on income by way of winnings from horse races	30 per cent.;
(*iii*) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	20 per cent.;
(*iv*) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1976 where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (*1A*) of section 115A of	

	Rate of income-tax
the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to a person resident in India—	
(*A*) where the agreement is made before the 1st day of June, 1997	30 per cent.;
(*B*) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005	20 per cent.;
(*C*) where the agreement is made on or after the 1st day of June, 2005	10 per cent.;
(*v*) on income by way of royalty [not being royalty of the nature referred to in sub-item (*b*)(*iv*)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—	
(*A*) where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976	50 per cent.;
(*B*) where the agreement is made after the 31st day of March, 1976 but before the 1st day of June, 1997	30 per cent.;
(*C*) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005	20 per cent.;
(*D*) where the agreement is made on or after the 1st day of June, 2005	10 per cent.;
(*vi*) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—	
(*A*) where the agreement is made after the 29th day of February, 1964 but before the 1st day of April, 1976	50 per cent.;
(*B*) where the agreement is made after the 31st day of March, 1976 but before the 1st day of June, 1997	30 per cent.;
(*C*) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005	20 per cent.;
(*D*) where the agreement is made on or after the 1st day of June, 2005	10 per cent.;
(*vii*) on income by way of short-term capital gains referred to in section 111A	10 per cent.;
(*viii*) on income by way of long-term capital gains [not being long-term capital gains referred to in clauses (*33*), (*36*) and (*38*) of section 10]	20 per cent.;
(*ix*) on any other income	40 per cent.;

Explanation.—For the purpose of item 1(*b*)(*i*) of this Part, "investment income" and "non-resident Indian" shall have the meanings assigned to them in Chapter XII-A of the Income-tax Act.

Surcharge on income-tax

The amount of income-tax deducted in accordance with the provisions of—

(*A*) item 1 of this Part, shall be increased by a surcharge, for purposes of the Union, calculated,—

(*i*) in the case of every individual, Hindu undivided family, association of persons and body of individuals, whether incorporated or not, at the rate of ten per cent. of such tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten lakh rupees;

(*ii*) in the case of every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, at the rate of ten per cent. of such tax;

(*iii*) in the case of every firm at the rate of ten per cent. of such tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees;

(*B*) item 2 of this Part, shall be increased by a surcharge, for purposes of the Union, calculated,—

(*i*) in the case of every domestic company at the rate of ten per cent. of such income-tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees;

(*ii*) in the case of every company other than a domestic company at the rate of two and one-half per cent. of such income-tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees.

PART III

RATES FOR CHARGING INCOME-TAX IN CERTAIN CASES, DEDUCTING INCOME-TAX FROM INCOME CHARGEABLE UNDER THE HEAD "SALARIES" AND COMPUTING "ADVANCE TAX"

In cases in which income-tax has to be charged under sub-section (*4*) of section 172 of the Income-tax Act or sub-section (*2*) of section 174 or section 174A or section 175 or sub-section (*2*) of section 176 of the said Act or deducted from, or paid on, from income chargeable under the head "Salaries" under section 192 of the said Act or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" [not being "advance tax" in respect of any income chargeable to tax under Chapter XII or Chapter XII-A or fringe benefits chargeable to tax under Chapter XII-H or income chargeable to tax under section 115JB or sub-section (*1A*) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act at the rates as specified in that Chapter or section or surcharge on such "advance tax" in respect of any income chargeable to tax under section 115A or section 115AB or section 115AC or section 115ACA or section 115AD or section 115B or section 115BB or section 115BBA or section 115BBC or section 115E or section 115JB or fringe benefits chargeable to tax under section 115WA] shall be charged, deducted or computed at the following rate or rates:—

Paragraph A

(*I*) In the case of every individual other than the individual referred to in items (*II*) and (*III*) of this Paragraph or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 1,10,000	*Nil;*
(2) where the total income exceeds Rs. 1,10,000 but does not exceed Rs. 1,50,000	10 per cent. of the amount by which the total income exceeds Rs. 1,10,000;
(3) where the total income exceeds Rs. 1,50,000 but does not exceed Rs. 2,50,000	Rs. 4,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 1,50,000;
(4) where the total income exceeds Rs. 2,50,000	Rs. 24,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 2,50,000.

(*II*) In the case of every individual, being a woman resident in India, and below the age of sixty-five years at any time during the previous year,—

Rates of income-tax

(1) where the total income does not exceed Rs. 1,45,000	*Nil;*
(2) where the total income exceeds Rs. 1,45,000 but does not exceed Rs. 1,50,000	10 per cent. of the amount by which the total income exceeds Rs. 1,45,000;
(3) where the total income exceeds Rs. 1,50,000 but does not exceed Rs. 2,50,000	Rs. 500 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 1,50,000;
(4) where the total income exceeds Rs. 2,50,000	Rs. 20,500 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 2,50,000.

(*III*) In the case of every individual, being a resident in India, who is of the age of sixty-five years or more at any time during the previous year,—

Rates of income-tax

(1) where the total income does not exceed Rs. 1,95,000	*Nil;*
(2) where the total income exceeds Rs. 1,95,000 but does not exceed Rs. 2,50,000	20 per cent. of the amount by which the total income exceeds Rs. 1,95,000;
(3) where the total income exceeds Rs. 2,50,000	Rs. 11,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 2,50,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112 shall,—

(*i*) in the case of every individual or Hindu undivided family or association of persons or body of individuals having a total income exceeding ten lakh rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A, and the income-tax as so reduced, be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax;

(*ii*) in the case of every person, other than those mentioned in item (*i*), be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax:

Provided that in case of persons mentioned in item (*i*) above having a total income exceeding ten lakh rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of ten lakh rupees by more than the amount of income that exceeds ten lakh rupees.

Paragraph B

In the case of every co-operative society, —

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	10 per cent. of the total income;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 3,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 20,000.

Paragraph C

In the case of every firm,—

Rate of income-tax

On the whole of the total income	30 per cent.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified, or in section 111A or section 112, shall, in the case of every firm having a total income exceeding one crore rupees, be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent of such income-tax :

Provided that in the case of every firm having a total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income	30 per cent.

Paragraph E

In the case of a company,—

Rates of income-tax

I. In the case of a domestic company	30 per cent. of the total income;
II. In the case of a company other than a domestic company—	
(*i*) on so much of the total income as consists of,—	
(*a*) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976; or	
(*b*) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,	
and where such agreement has, in either case, been approved by the Central Government	50 per cent.;
(*ii*) on the balance, if any, of the total income	40 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every company, be increased by a surcharge for purposes of the Union calculated,—

(*i*) in the case of every domestic company having a total income exceeding one crore rupees, at the rate of ten per cent. of such income-tax;

(*ii*) in the case of every company other than a domestic company having a total income exceeding one crore rupees at the rate of two and one-half per cent.:

Provided that in the case of every company having a total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

PART IV

[*See* section 2(*12*)(*c*)]

RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

Rule 1.—Agricultural income of the nature referred to in sub-clause (*a*) of clause (*1A*) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from other sources" and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (*2*) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (*3*) and (*4*) of section 40A.

Rule 2.—Agricultural income of the nature referred to in sub-clause (*b*) or sub-clause (*c*) of clause (*1A*) of section 2 of the Income-tax Act [other than income derived from any building required as a dwelling-house by the receiver of the rent or revenue of the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (*c*)] shall be computed as if it were income chargeable to income-tax under that Act under the head "Profits and gains of business or profession" and the provisions of sections 30, 31, 32, 36, 37, 38, 40, 40A [other than sub-sections (*3*) and (*4*) thereof], 41, 43, 43A, 43B and 43C of the Income-tax Act shall, so far as may be, apply accordingly.

Rule 3.—Agricultural income of the nature referred to in sub-clause (*c*) of clause (*1A*) of section 2 of the Income-tax Act, being income derived from any building required as a dwelling-house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (*c*) shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly.

Rule 4.—Notwithstanding anything contained in any other provisions of these rules, in a case—

(*a*) where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee;

(*b*) where the assessee derives income from sale of centrifuged latex or cenex or latex based crepes (such as pale latex crepe) or brown crepes (such as estate brown crepe, re-milled crepe, smoked blanket crepe or flat bark crepe) or technically specified block rubbers manufactured or processed by him from rubber plants grown by him in India, such income shall be computed in accordance with rule 7A of the Income-tax Rules, 1962, and sixty-five per cent. of such income shall be regarded as the agricultural income of the assessee;

(*c*) where the assessee derives income from sale of coffee grown and manufactured by him in India, such income shall be computed in accordance with rule 7B of the Income-tax Rules, 1962, and sixty per cent. or seventy-five per cent., as the case may be, of such income shall be regarded as the agricultural income of the assessee.

Rule 5.—Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 6.—Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income :

Provided that where the assessee is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

Rule 7.—Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

Rule 8.—(*1*) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2007, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1999 or the 1st day of April, 2000 or the 1st day of April, 2001 or the 1st day of April, 2002 or the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006, is a loss, then, for the purposes of sub-section (*2*) of section 2 of this Act,—

(*i*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1999, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2000 or the 1st day of April, 2001 or the 1st day of April, 2002 or the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006,

(*ii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2000, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2001 or the 1st day of April, 2002 or the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006,

(*iii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2001, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2002 or the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006,

(*iv*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2002, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006,

(*v*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2003, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006,

(*vi*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2004, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2005 or the 1st day of April, 2006,

(*vii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2005, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2006,

(*viii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2006,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 2007.

(*2*) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2008, or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 2000 or the 1st day of April, 2001 or the 1st day of April, 2002 or the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007, is a loss, then, for the purposes of sub-section (*10*) of section 2 of this Act,—

(*i*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2000, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2001 or the 1st day of April, 2002 or the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007,

(*ii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2001, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2002 or the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007,

(*iii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2002, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007,

(*iv*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2003, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007,

(*v*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2004, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007,

(*vi*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2005, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2006 or the 1st day of April, 2007,

(*vii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2006, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2007,

(*viii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2007,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 2008.

(*3*) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (*1*) or sub-rule (*2*) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (*1*) or, as the case may be, sub-rule (*2*).

(*4*) Notwithstanding anything contained in this rule, no loss which has not been determined by the Assessing Officer under the provisions of these rules or the rules contained in Part IV of the First Schedule to the Finance Act, 1999 (27 of 1999), or of the First Schedule to the Finance Act, 2000 (10 of 2000), or of the First Schedule to the Finance Act, 2001 (14 of 2001), or of the First Schedule to the Finance Act, 2002 (20 of 2002), or of the First Schedule to the Finance Act, 2003 (32 of 2003), or of the First Schedule to the Finance (No. 2) Act, 2004 (23 of 2004) or of the First Schedule to the Finance Act, 2005 (18 of 2005), or of the First Schedule to the Finance Act, 2006 (21 of 2006) shall be set off under sub-rule (*1*) or, as the case may be, sub-rule (*2*).

Rule 9.—Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be *nil*.

Rule 10.—The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

Rule 11.—For the purposes of computing the net agricultural income of the assessee, the Assessing Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

THE SECOND SCHEDULE

[*See* section 105(*i*)]

In the First Schedule to the Customs Tariff Act,—

(*1*) in Chapter 21, for the entry in column (4) occurring against all the tariff items of sub-heading 2106 90, the entry "150%" shall be substituted;

(*2*) in Chapter 22,—

(*i*) in tariff items 2207 10 11, 2207 10 19 and 2207 10 90, for the entry in column (4) occurring against each of them, the entry "150%" shall be substituted;

(*ii*) for the entry in column (4) occurring against all the tariff items of heading 2208, the entry "150%" shall be substituted;

(*3*) in Chapter 25,—

(*i*) for the entry in column (4) occurring against all the tariff items (except all the tariff items of headings 2504 and 2510), the entry "10%" shall be substituted;

(*ii*) for the entries in column (4) and column (*5*) occurring against all the tariff items of heading 2504, the entries "10%" and "10%" shall respectively be substituted;

(*4*) in Chapter 26, in tariff items 2620 11 00, 2620 19 00, 2620 30 10 and 2620 30 90, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*5*) in Chapter 27,—

(*i*) for the entry in column (4) occurring against all the tariff items of heading 2701 (except tariff item 2701 12 00), the entry "10%" shall be substituted;

(*ii*) for the entry in column (4) occurring against all the tariff items of headings 2702, 2703 and 2704, the entry "10%" shall be substituted;

(*iii*) in tariff item 2705 00 00, for the entry in column (4), the entry "10%" shall be substituted;

(*iv*) for the entry in column (4) occurring against all the tariff items of headings 2706, 2707 and 2708, the entry "10%" shall be substituted;

(*6*) in Chapter 28,—

(*i*) for the entry in column (4) occurring against all the tariff items (except all the tariff items of headings 2801, 2802, 2803, 2804, 2805 and 2814), the entry "10%" shall be substituted;

(*ii*) for the entry in column (4) occurring against all the tariff items of headings 2801, 2802, 2803, 2804 and 2805, the entry "5%" shall be substituted;

(*7*) in Chapter 29,—

(*i*) for the entry in column (4) occurring against all the tariff items (except tariff items 2905 43 00, 2905 44 00, 2917 37 00, 2933 71 00, 2936 21 00, 2936 22 10, 2936 22 90, 2936 23 10, 2936 23 90, 2936 24 00, 2936 25 00, 2936 26 10, 2936 26 90, 2936 27 00, 2936 28 00, 2936 29 10, 2936 29 20, 2936 29 30, 2936 29 40, 2936 29 50, 2936 29 90, 2936 90 00, 2937 11 00, 2937 12 00, 2937 19 00, 2937 21 00, 2937 22 00, 2937 23 00, 2937 29 00, 2937 31 00, 2937 39 00, 2937 40 00, 2937 50 00, 2937 90 00, 2939 41 10, 2939 41 20, 2939 41 90, 2939 42 00, 2939 43 00, 2939 49 00, 2939 51 00, 2939 59 00, 2941 10 10, 2941 10 20, 2941 10 30, 2941 10 40, 2941 10 50, 2941 10 90,

2941 20 10, 2941 20 90, 2941 30 10, 2941 30 20, 2941 30 90, 2941 40 00, 2941 50 00, 2941 90 11, 2941 90 12, 2941 90 13, 2941 90 14, 2941 90 19, 2941 90 20, 2941 90 30, 2941 90 40, 2941 90 50, 2941 90 60 and 2941 90 90), the entry "10%" shall be substituted;

(*ii*) in tariff items 2917 37 00 and 2933 71 00, for the entries in column (4) and column (5) occurring against each of them, the entries "10%" and "10%" shall respectively be substituted;

(*iii*) for the entries in column (4) and column (5) occurring against all the tariff items of heading 2936, the entries "10%" and "10%" shall respectively be substituted;

(*iv*) in tariff items 2937 11 00, 2937 12 00, 2937 19 00, 2937 21 00, 2937 22 00, 2937 23 00, 2937 29 00, 2937 31 00, 2937 39 00, 2937 40 00, 2937 50 00, 2937 90 00, 2939 41 10, 2939 41 20, 2939 41 90, 2939 42 00, 2939 43 00, 2939 49 00, 2939 51 00 and 2939 59 00, for the entries in column (4) and column (5) occurring against each of them, the entries "10%" and "10%" shall respectively be substituted;

(*v*) for the entries in column (4) and column (5) occurring against all the tariff items of heading 2941, the entries "10%" and "10%" shall respectively be substituted;

(*8*) in Chapter 30,—

(*i*) for the entries in column (4) and column (5) occurring against all the tariff items of headings 3001, 3002, 3003 and 3004, the entries "10%" and "10%" shall respectively be substituted;

(*ii*) for the entry in column (4) occurring against all the tariff items of heading 3005, the entry "10%" shall be substituted;

(*iii*) in tariff items 3006 10 10, 3006 10 20, 3006 20 00, 3006 30 00, 3006 40 00, 3006 50 00, 3006 70 00, 3006 91 00 and 3006 92 00, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*9*) in Chapter 31, for the entry in column (4) occurring against all the tariff items (except tariff items 3102 21 00, 3102 50 00, 3104 30 00, 3105 20 00, 3105 30 00, 3105 40 00, 3105 51 00, 3105 59 00, 3105 60 00, 3105 90 10 and 3105 90 90), the entry "10%" shall be substituted;

(*10*) in Chapter 32, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*11*) in Chapter 33,—

(*i*) for the entry in column (4) occurring against all the tariff items of sub-heading 3302 90, the entry "10%" shall be substituted;

(*ii*) for the entry in column (4) occurring against all the tariff items of headings 3303, 3304, 3305, 3306 and 3307, the entry "10%", shall be substituted;

(*12*) in Chapter 34,—

(*i*) for the entry in column (4) occurring against all the tariff items (except tariff items 3402 11 10, 3402 11 90, 3402 12 00, 3402 13 00 and 3402 19 00), the entry "10%", shall be substituted;

(*ii*) in tariff items 3402 11 10, 3402 11 90, 3402 12 00, 3402 13 00 and 3402 19 00, for the entries in column (4) and column (*5*) occurring against each of them, the entries "10%" and "10%" shall respectively be substituted;

(*13*) in Chapter 35, for the entry in column (4) occurring against all the tariff items of headings 3506 and 3507, the entry "10%", shall be substituted;

(*14*) in Chapter 36, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*15*) in Chapter 37, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*16*) in Chapter 38,—

(*i*) for the entry in column (4) occurring against all the tariff items (except tariff items 3801 10 00, 3802 10 00, 3809 10 00, 3812 10 00, 3815 11 00, 3815 12 10, 3815 12 90, 3818 00 10, 3818 00 90, 3823 11 11, 3823 11 12, 3823 11 19, 3823 11 90, 3823 12 00, 3823 13 00, 3823 19 00, 3823 70 10, 3823 70 20, 3823 70 30, 3823 70 40, 3823 70 90, 3824 60 10 and 3824 60 90), the entry "10%" shall be substituted;

(*ii*) in tariff items 3801 10 00, 3802 10 00, 3812 10 00, 3815 11 00, 3815 12 10 and 3815 12 90, for the entries in column (4) and column (5) occurring against each of them, the entries "10%" and "10%" shall respectively be substituted;

(*17*) in Chapter 39, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*18*) in Chapter 40, for the entry in column (4) occurring against all the tariff items (except tariff items 4001 10 10, 4001 10 20, 4001 21 00, 4001 22 00, 4001 29 10, 4001 29 20, 4001 29 30, 4001 29 40, 4001 29 90 and 4011 30 00), the entry "10%" shall be substituted;

(*19*) in Chapter 41, for the entry in column (4) occurring against all the tariff items (except all the tariff items of headings 4101, 4102 and 4103), the entry "10%" shall be substituted;

(*20*) in Chapter 42, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*21*) in Chapter 43, for the entry in column (4) occurring against all the tariff items of headings 4302, 4303 and 4304, the entry "10%" shall be substituted;

(*22*) in Chapter 44, for the entry in column (4) occurring against all the tariff items (except all the tariff items of headings 4401, 4402 and 4403), the entry "10%" shall be substituted;

(*23*) in Chapter 45, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*24*) in Chapter 46, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*25*) in Chapter 47, for the entry in column (4) occurring against all the tariff items of heading 4707, the entry "10%" shall be substituted;

(*26*) in Chapter 48, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*27*) in Chapter 49, for the entry in column (4) occurring against all the tariff items (except tariff items 4902 10 10, 4902 10 20, 4902 90 10, 4902 90 20, 4904 00 00, 4905 10 00, 4905 91 00, 4905 99 10 and 4905 99 90), the entry "10%" shall be substituted;

(*28*) in Chapter 50, for the entry in column (4) occurring against all the tariff items of headings 5004, 5005, 5006 and 5007, the entry "10%" shall be substituted;

(*29*) in Chapter 51,—

(*i*) for the entry in column (4) occurring against all the tariff items of heading 5104, the entry "10%" shall be substituted;

(*ii*) for the entry in column (4) occurring against all the tariff items of heading 5105 (except tariff item 5105 29 10), the entry "10%" shall be substituted;

(*iii*) for the entry in column (4) occurring against all the tariff items of headings 5106, 5107, 5108, 5109 and 5110, the entry "10%" shall be substituted;

(*iv*) for the entry in column (4) occurring against all the tariff items of sub-heading 5111 11, the entry "10% or Rs. 135 per sq. metre, whichever is higher" shall be substituted;

(*v*) for the entry in column (4) occurring against all the tariff items of sub-heading 5111 19, the entry "10% or Rs. 150 per sq. metre, whichever is higher" shall be substituted;

(*vi*) for the entry in column (4) occurring against all the tariff items of sub-heading 5111 20, the entry "10% or Rs. 80 per sq. metre, whichever is higher" shall be substituted;

(*vii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5111 30, the entry "10% or Rs. 75 per sq. metre, whichever is higher" shall be substituted;

(*viii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5111 90, the entry "10% or Rs. 90 per sq. metre, whichever is higher" shall be substituted;

(*ix*) for the entry in column (4) occurring against all the tariff items of sub-heading 5112 11, the entry "10% or Rs. 125 per sq. metre, whichever is higher" shall be substituted;

(*x*) for the entry in column (4) occurring against all the tariff items of sub-heading 5112 19, the entry "10% or Rs. 155 per sq. metre, whichever is higher" shall be substituted;

(*xi*) for the entry in column (4) occurring against all the tariff items of sub-heading 5112 20, the entry "10% or Rs. 85 per sq. metre, whichever is higher" shall be substituted;

(*xii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5112 30, the entry "10% or Rs. 110 per sq. metre, whichever is higher" shall be substituted;

(*xiii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5112 90, the entry "10% or Rs. 135 per sq. metre, whichever is higher" shall be substituted;

(*xiv*) for the entry in column (4) occurring against all the tariff items of heading 5113, the entry "10% or Rs. 60 per sq. metre, whichever is higher" shall be substituted;

(*30*) in Chapter 52,—

(*i*) for the entry in column (4) occurring against all the tariff items of headings 5204, 5205, 5206 and 5207, the entry "10%" shall be substituted;

(*ii*) for the entry in column (4) occurring against all the tariff items of sub-headings 5208 11, 5208 12, 5208 13, 5208 19, 5208 21, 5208 22, 5208 23, 5208 29, 5208 31, 5208 32 and 5208 33, the entry "10%" shall be substituted;

(*iii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5208 39, the entry "10% or Rs. 150 per kg., whichever is higher" shall be substituted;

(*iv*) for the entry in column (4) occurring against all the tariff items of sub-heading 5208 41, the entry "10% or Rs. 9 per sq. metre, whichever is higher" shall be substituted;

(*v*) for the entry in column (4) occurring against all the tariff items of sub-heading 5208 42, the entry "10% or Rs. 37 per sq. metre, whichever is higher" shall be substituted;

(*vi*) for the entry in column (4) occurring against all the tariff items of sub-heading 5208 43, the entry "10%" shall be substituted;

(*vii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5208 49, the entry "10% or Rs. 200 per kg., whichever is higher" shall be substituted;

(*viii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5208 51, the entry "10% or Rs. 27 per sq. metre, whichever is higher" shall be substituted;

(*ix*) for the entry in column (4) occurring against all the tariff items of sub-heading 5208 52, the entry "10% or Rs. 23 per sq. metre, whichever is higher" shall be substituted;

(*x*) for the entry in column (4) occurring against all the tariff items of sub-heading 5208 59, the entry "10% or Rs. 50 per sq. metre, whichever is higher" shall be substituted;

(*xi*) for the entry in column (4) occurring against all the tariff items of sub-headings 5209 11 and 5209 12, the entry "10%" shall be substituted;

(*xii*) in tariff item 5209 19 00, for the entry in column (4), the entry "10%" shall be substituted;

(*xiii*) for the entry in column (4) occurring against all the tariff items of sub-headings 5209 21, 5209 22 and 5209 29, the entry "10%" shall be substituted;

(*xiv*) for the entry in column (4) occurring against all the tariff items of sub-headings 5209 31, 5209 32 and 5209 39, the entry "10% or Rs. 150 per kg., whichever is higher" shall be substituted;

(*xv*) for the entry in column (4) occurring against all the tariff items of sub-heading 5209 41, the entry "10% or Rs. 32 per sq. metre, whichever is higher" shall be substituted;

(*xvi*) in tariff item 5209 42 00, for the entry in column (4), the entry "10% or Rs. 25 per sq. metre, whichever is higher" shall be substituted;

(*xvii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5209 43, the entry "10% or Rs. 30 per sq. metre, whichever is higher" shall be substituted;

(*xviii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5209 49, the entry "10% or Rs. 150 per kg., whichever is higher" shall be substituted;

(*xix*) for the entry in column (4) occurring against all the tariff items of sub-headings 5209 51 and 5209 52, the entry "10% or Rs. 30 per sq. metre, whichever is higher" shall be substituted;

(*xx*) for the entry in column (4) occurring against all the tariff items of sub-heading 5209 59, the entry "10% or Rs. 38 per sq. metre, whichever is higher" shall be substituted;

(*xxi*) for the entry in column (4) occurring against all the tariff items of sub-heading 5210 11, the entry "10%" shall be substituted;

(*xxii*) in tariff item 5210 19 00, for the entry in column (4), the entry "10%" shall be substituted;

(*xxiii*) for the entry in column (4) occurring against all the tariff items of sub-headings 5210 21, 5210 29, 5210 31 and 5210 32, the entry "10%" shall be substituted;

(*xxiv*) for the entry in column (4) occurring against all the tariff items of sub-heading 5210 39, the entry "10% or Rs. 150 per kg., whichever is higher" shall be substituted;

(*xxv*) for the entry in column (4) occurring against all the tariff items of sub-heading 5210 41, the entry "10% or Rs. 15 per sq. metre, whichever is higher" shall be substituted;

(*xxvi*) for the entry in column (4) occurring against all the tariff items of sub-heading 5210 49, the entry "10% or Rs. 185 per kg., whichever is higher" shall be substituted;

(*xxvii*) for the entry in column (4) occurring against all the tariff items of sub-headings 5210 51 and 5210 59, the entry "10% or Rs. 15 per sq. metre, whichever is higher" shall be substituted;

(*xxviii*) for the entry in column (4) occurring against all the tariff items of sub-headings 5211 11 and 5211 12, the entry "10%" shall be substituted;

(*xxix*) in tariff item 5211 19 00, for the entry in column (4), the entry "10%" shall be substituted;

(*xxx*) for the entry in column (4) occurring against all the tariff items of sub-heading 5211 20, the entry "10%" shall be substituted;

(*xxxi*) for the entry in column (4) occurring against all the tariff items of sub-headings 5211 31, 5211 32 and 5211 39, the entry "10% or Rs. 150 per kg., whichever is higher" shall be substituted;

(*xxxii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5211 41, the entry "10% or Rs. 44 per sq. metre, whichever is higher" shall be substituted;

(*xxxiii*) in tariff item 5211 42 00, for the entry in column (4), the entry "10% or Rs. 18 per sq. metre, whichever is higher" shall be substituted;

(*xxxiv*) for the entry in column (4) occurring against all the tariff items of sub-heading 5211 43, the entry "10% or Rs. 40 per sq. metre, whichever is higher" shall be substituted;

(*xxxv*) for the entry in column (4) occurring against all the tariff items of sub-heading 5211 49, the entry "10% or Rs. 150 per kg., whichever is higher" shall be substituted;

(*xxxvi*) for the entry in column (4) occurring against all the tariff items of sub-headings 5211 51, 5211 52 and 5211 59, the entry "10% or Rs. 18 per sq. metre, whichever is higher" shall be substituted;

(*xxxvii*) in tariff items 5212 11 00, 5212 12 00, 5212 13 00 and 5212 14 00, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*xxxviii*) in tariff item 5212 15 00, for the entry in column (4), the entry "10% or Rs. 165 per kg., whichever is higher" shall be substituted;

(*xxxix*) in tariff items 5212 21 00, 5212 22 00 and 5212 23 00, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*xl*) in tariff item 5212 24 00, for the entry in column (4), the entry "10% or Rs. 20 per sq. metre, whichever is higher" shall be substituted;

(*xli*) in tariff item 5212 25 00, for the entry in column (4), the entry "10% or Rs. 165 per kg., whichever is higher" shall be substituted;

(*31*) in Chapter 53, for the entry in column (4) occurring against all the tariff items (except all the tariff items of headings 5301 and 5302), the entry "10%" shall be substituted;

(*32*) in Chapter 54,—

(*i*) for the entry in column (4) occurring against all the tariff items of headings 5401, 5402, 5403 and 5404, the entry "10%" shall be substituted;

(*ii*) in tariff item 5405 00 00, for the entry in column (4), the entry "10%" shall be substituted;

(*iii*) for the entry in column (4) occurring against all the tariff items of subheading 5406 00, the entry "10%" shall be substituted;

(*iv*) for the entry in column (4) occurring against all the tariff items of subheading 5407 10, the entry "10% or Rs. 115 per kg., whichever is higher" shall be substituted;

(*v*) for the entry in column (4) occurring against all the tariff items of subheadings 5407 20 and 5407 30, the entry "10%" shall be substituted;

(*vi*) for the entry in column (4) occurring against all the tariff items of subheading 5407 41, the entry "10% or Rs. 30 per sq. metre, whichever is higher" shall be substituted;

(*vii*) for the entry in column (4) occurring against all the tariff items of subheading 5407 42, the entry "10% or Rs. 60 per sq. metre, whichever is higher" shall be substituted;

(*viii*) in tariff item 5407 43 00, for the entry in column (4), the entry "10% or Rs. 67 per sq. metre, whichever is higher" shall be substituted;

(*ix*) for the entry in column (4) occurring against all the tariff items of subheading 5407 44, the entry "10% or Rs. 58 per sq. metre, whichever is higher" shall be substituted;

(*x*) for the entry in column (4) occurring against all the tariff items of subheading 5407 51, the entry "10% or Rs. 11 per sq. metre, whichever is higher" shall be substituted;

(*xi*) for the entry in column (4) occurring against all the tariff items of subheading 5407 52, the entry "10% or Rs. 38 per sq. metre, whichever is higher" shall be substituted;

(*xii*) in tariff item 5407 53 00, for the entry in column (4), the entry "10% or Rs. 50 per sq. metre, whichever is higher" shall be substituted;

(*xiii*) for the entry in column (4) occurring against all the tariff items of subheading 5407 54, the entry "10% or Rs. 20 per sq. metre, whichever is higher" shall be substituted;

(*xiv*) for the entry in column (4) occurring against all the tariff items of subheading 5407 61, the entry "10% or Rs. 150 per kg., whichever is higher" shall be substituted;

(*xv*) in tariff item 5407 69 00, for the entry in column (4), the entry "10% or Rs. 60 per sq. metre, whichever is higher" shall be substituted;

(*xvi*) for the entry in column (4) occurring against all the tariff items of subheading 5407 71, the entry "10% or Rs. 10 per sq. metre, whichever is higher" shall be substituted;

(*xvii*) in tariff item 5407 72 00, for the entry in column (4), the entry "10% or Rs. 24 per sq. metre, whichever is higher" shall be substituted;

(*xviii*) in tariff item 5407 73 00, for the entry in column (4), the entry "10% or Rs. 60 per sq. metre, whichever is higher" shall be substituted;

(*xix*) in tariff item 5407 74 00, for the entry in column (4), the entry "10% or Rs. 38 per sq. metre, whichever is higher" shall be substituted;

(*xx*) for the entry in column (4) occurring against all the tariff items of sub-heading 5407 81, the entry "10% or Rs. 10 per sq. metre, whichever is higher" shall be substituted;

(*xxi*) for the entry in column (4) occurring against all the tariff items of sub-heading 5407 82, the entry "10% or Rs. 42 per sq. metre, whichever is higher" shall be substituted;

(*xxii*) in tariff item 5407 83 00, for the entry in column (4), the entry "10% or Rs. 67 per sq. metre, whichever is higher" shall be substituted;

(*xxiii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5407 84, the entry "10% or Rs. 38 per sq. metre, whichever is higher" shall be substituted;

(*xxiv*) for the entry in column (4) occurring against all the tariff items of sub-heading 5407 91, the entry "10% or Rs. 15 per sq. metre, whichever is higher" shall be substituted;

(*xxv*) in tariff item 5407 92 00, for the entry in column (4), the entry "10% or Rs. 67 per sq. metre, whichever is higher" shall be substituted;

(*xxvi*) in tariff item 5407 93 00, for the entry in column (4), the entry "10% or Rs. 45 per sq. metre, whichever is higher" shall be substituted;

(*xxvii*) in tariff item 5407 94 00, for the entry in column (4), the entry "10% or Rs. 67 per sq. metre, whichever is higher" shall be substituted;

(*xxviii*) in tariff item 5408 10 00, for the entry in column (4), the entry "10%" shall be substituted;

(*xxix*) for the entry in column (4) occurring against all the tariff items of sub-heading 5408 21, the entry "10%" shall be substituted;

(*xxx*) for the entry in column (4) occurring against all the tariff items of sub-heading 5408 22, the entry "10% or Rs. 45 per sq. metre, whichever is higher" shall be substituted;

(*xxxi*) in tariff item 5408 23 00, for the entry in column (4), the entry "10% or Rs. 47 per sq. metre, whichever is higher" shall be substituted;

(*xxxii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5408 24, the entry "10% or Rs. 87 per sq. metre, whichever is higher" shall be substituted;

(*xxxiii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5408 31, the entry "10% or Rs. 25 per sq. metre, whichever is higher" shall be substituted;

(*xxxiv*) for the entry in column (4) occurring against all the tariff items of sub-heading 5408 32, the entry "10% or Rs. 44 per sq. metre, whichever is higher" shall be substituted;

(*xxxv*) in tariff item 5408 33 00, for the entry in column (4), the entry "10% or Rs. 10 per sq. metre, whichever is higher" shall be substituted;

(xxxvi) for the entry in column (4) occurring against all the tariff items of sub-heading 5408 34, the entry "10% or Rs. 11 per sq. metre, whichever is higher" shall be substituted;

(*33*) in Chapter 55,—

(*i*) for the entry in column (4) occurring against all the tariff items of headings 5501, 5502, 5503, 5504, 5505, 5506, 5507, 5508, 5509 and 5510, the entry "10%" shall be substituted;

(*ii*) in tariff items 5511 10 00 and 5511 20 00, for the entry in column (4) occuring against each of them, the entry "10% or Rs. 31 per kg., whichever is higher" shall be substituted;

(*iii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5511 30, the entry "10% or Rs.30 per kg., whichever is higher" shall be substituted;

(*iv*) for the entry in column (4) occurring against all the tariff items of sub-heading 5512 11, the entry "10%" shall be substituted;

(*v*) for the entry in column (4) occurring against all the tariff items of sub-heading 5512 19, the entry "10%" or Rs.42 per sq. metre, whichever is higher" shall be substituted;

(*vi*) for the entry in column (4) occurring against all the tariff items of sub-heading 5512 21, the entry "10%" shall be substituted;

(*vii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5512 29, the entry "10% or Rs.47 per sq. metre, whichever is higher" shall be substituted;

(*viii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5512 91, the entry "10%" shall be substituted;

(*ix*) for the entry in column (4) occurring against all the tariff items of sub-heading 5512 99, the entry "10% or Rs.65 per kg., whichever is higher" shall be substituted;

(*x*) for the entry in column (4) occurring against all the tariff items of sub-headings 5513 11, 5513 12, 5513 13 and 5513 19, the entry "10%" shall be substituted;

(*xi*) in tariff item 5513 21 00, for the entry in column (4), the entry "10% or Rs. 150 per kg., whichever is higher" shall be substituted;

(*xii*) in tariff item 5513 23 00, for the entry in column (4), the entry "10% or Rs. 125 per kg. or Rs. 25 per sq. metre, whichever is highest" shall be substituted;

(*xiii*) in tariff item 5513 29 00, for the entry in column (4), the entry "10% or Rs. 185 per kg., whichever is higher" shall be substituted;

(*xiv*) in tariff item 5513 31 00, for the entry in column (4), the entry "10% or Rs. 21 per sq. metre, whichever is higher" shall be substituted;

(*xv*) in tariff item 5513 39 00, for the entry in column (4), the entry "10% or Rs. 125 per kg. or Rs. 30 per sq. metre, whichever is highest" shall be substituted;

(*xvi*) in tariff item 5513 41 00, for the entry in column (4), the entry "10% or Rs. 25 per sq. metre, whichever is higher" shall be substituted;

(*xvii*) in tariff item 5513 49 00, for the entry in column (4), the entry "10% or Rs. 185 per kg., whichever is higher" shall be substituted;

(*xviii*) for the entry in column (4) occurring against all the tariff items of sub-headings 5514 11, 5514 12 and 5514 19, the entry "10%" shall be substituted;

(*xix*) in tariff item 5514 21 00, for the entry in column (4), the entry "10% or Rs. 100 per kg. or Rs. 30 per sq. metre, whichever is highest" shall be substituted;

(*xx*) in tariff item 5514 22 00, for the entry in column (4), the entry "10% or Rs. 140 per kg., whichever is higher" shall be substituted;

(*xxi*) in tariff item 5514 23 00, for the entry in column (4), the entry "10% or Rs. 160 per kg., whichever is higher" shall be substituted;

(*xxii*) in tariff item 5514 29 00, for the entry in column (4), the entry "10% or Rs. 170 per kg., whichever is higher" shall be substituted;

(*xxiii*) in tariff item 5514 30 11, for the entry in column (4), the entry "10% or Rs. 64 per sq. metre, whichever is higher" shall be substituted;

(*xxiv*) in tariff item 5514 30 12, for the entry in column (4), the entry "10% or Rs 43 per sq. metre, whichever is higher" shall be substituted;

(*xxv*) in tariff item 5514 30 13, for the entry in column (4), the entry "10% or Rs. 180 per kg., whichever is higher" shall be substituted;

(*xxvi*) in tariff item 5514 30 19, for the entry in column (4), the entry "10% or Rs. 31 per sq. metre, whichever is higher" shall be substituted;

(*xxvii*) in tariff item 5514 41 00, for the entry in column (4), the entry "10% or Rs. 26 per sq. metre, whichever is higher" shall be substituted;

(*xxviii*) in tariff item 5514 42 00, for the entry in column (4), the entry "10% or Rs. 140 per kg., whichever is higher" shall be substituted;

(*xxix*) in tariff item 5514 43 00, for the entry in column (4), the entry "10% or Rs. 31 per sq. metre, whichever is higher" shall be substituted;

(*xxx*) in tariff item 5514 49 00, for the entry in column (4), the entry "10% or Rs. 160 per kg., whichever is higher" shall be substituted;

(*xxxi*) for the entry in column (4) occurring against all the tariff items of sub-heading 5515 11, the entry "10% or Rs. 40 per sq. metre, whichever is higher" shall be substituted;

(*xxxii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5515 12 , the entry "10% or Rs. 95 per kg., whichever is higher" shall be substituted;

(*xxxiii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5515 13 , the entry "10% or Rs. 75 per sq. metre, whichever is higher" shall be substituted;

(*xxxiv*) for the entry in column (4) occurring against all the tariff items of sub-heading 5515 19, the entry "10% or Rs. 45 per sq. metre, whichever is higher" shall be substituted;

(*xxxv*) for the entry in column (4) occurring against all the tariff items of sub-heading 5515 21, the entry "10% or Rs. 79 per sq. metre, whichever is higher" shall be substituted;

(*xxxvi*) for the entry in column (4) occurring against all the tariff items of sub-heading 5515 22, the entry "10% or Rs. 140 per kg., whichever is higher" shall be substituted;

(*xxxvii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5515 29, the entry "10% or Rs. 30 per sq. metre, whichever is higher" shall be substituted;

(*xxxviii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5515 91, the entry "10% or Rs. 57 per sq. metre, whichever is higher" shall be substituted;

(*xxxix*) for the entry in column (4) occurring against all the tariff items of sub-heading 5515 99, the entry "10% or Rs. 35 per sq. metre, whichever is higher" shall be substituted;

(*xl*) for the entry in column (4) occurring against all the tariff items of sub-heading 5516 11, the entry "10%" shall be substituted;

(*xli*) in tariff item 5516 12 00, for the entry in column (4), the entry "10% or Rs. 35 per sq. metre, whichever is higher" shall be substituted;

(*xlii*) in tariff item 5516 13 00, for the entry in column (4), the entry "10% or Rs. 40 per sq. metre, whichever is higher" shall be substituted;

(*xliii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5516 14, the entry "10% or Rs. 12 per sq. metre, whichever is higher" shall be substituted;

(*xliv*) for the entry in column (4) occurring against all the tariff items of sub-heading 5516 21, the entry "10%" shall be substituted;

(*xlv*) in tariff items 5516 22 00 and 5516 23 00, for the entry in column (4) occurring against each of them, the entry "10% or Rs. 150 per kg., whichever is higher" shall be substituted;

(*xlvi*) in tariff item 5516 24 00, for the entry in column (4), the entry "10% or Rs. 12 per sq. metre, whichever is higher" shall be substituted;

(*xlvii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5516 31, the entry "10%" shall be substituted;

(*xlviii*) in tariff items 5516 32 00, 5516 33 00 and 5516 34 00, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*xlix*) for the entry in column (4) occurring against all the tariff items of sub-heading 5516 41, the entry "10%" shall be substituted;

(*l*) in tariff item 5516 42 00, for the entry in column (4), the entry "10%" shall be substituted;

(*li*) in tariff items 5516 43 00 and 5516 44 00, for the entry in column (4) occurring against each of them, the entry "10% or Rs. 12 per sq. metre, whichever is higher" shall be substituted;

(*lii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5516 91, the entry "10%" shall be substituted;

(*liii*) in tariff item 5516 92 00, for the entry in column (4), the entry "10%" shall be substituted;

(*liv*) in tariff item 5516 93 00, for the entry in column (4), the entry "10% or Rs. 21 per sq. metre, whichever is higher" shall be substituted;

(*lv*) in tariff item 5516 94 00, for the entry in column (4), the entry "10% or Rs. 40 per sq. metre, whichever is higher" shall be substituted;

(*34*) in Chapter 56, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*35*) in Chapter 57,—

(*i*) for the entry in column (4) occurring against all the tariff items of heading 5701, the entry "10%" shall be substituted;

(*ii*) in tariff item 5702 10 00, for the entry in column (4), the entry "10%" shall be substituted;

(*iii*) for the entry in column (4) occurring against all the tariff items of sub-headings 5702 20 and 5702 31, the entry "10%" shall be substituted;

(*iv*) for the entry in column (4) occurring against all the tariff items of sub-heading 5702 32, the entry "10% or Rs.105 per sq. metre, whichever is higher" shall be substituted;

(*v*) for the entry in column (4) occurring against all the tariff items of sub-headings 5702 39 and 5702 41, the entry "10%" shall be substituted;

(*vi*) for the entry in column (4) occurring against all the tariff items of sub-heading 5702 42, the entry "10% or Rs.80 per sq. metre, whichever is higher" shall be substituted;

(*vii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5702 49, the entry "10%" shall be substituted;

(*viii*) in tariff items 5702 50 21, 5702 50 22 and 5702 50 29, for the entry in column (4) occurring against each of them, the entry "10% or Rs.105 per sq. metre, whichever is higher" shall be substituted;

(*ix*) in tariff items 5702 50 31, 5702 50 32, 5702 50 33 and 5702 50 39, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*x*) for the entry in column (4) occurring against all the tariff items of sub-heading 5702 91, the entry "10%" shall be substituted;

(*xi*) for the entry in column (4) occurring against all the tariff items of sub-heading 5702 92, the entry "10% or Rs.110 per sq. metre, whichever is higher" shall be substituted;

(*xii*) for the entry in column (4) occurring against all the tariff items of sub-headings 5702 99 and 5703 10, the entry "10%" shall be substituted;

(*xiii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5703 20, the entry "10% or Rs.70 per sq. metre, whichever is higher" shall be substituted;

(*xiv*) for the entry in column (4) occurring against all the tariff items of sub-heading 5703 30, the entry "10% or Rs.55 per sq. metre, whichever is higher" shall be substituted;

(*xv*) for the entry in column (4) occurring against all the tariff items of sub-heading 5703 90, the entry "10%" shall be substituted;

(*xvi*) in tariff item 5704 10 00, for the entry in column (4), the entry "10%" shall be substituted;

(*xvii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5704 90, the entry "10% or Rs.35 per sq. metre, whichever is higher" shall be substituted;

(*xviii*) for the entry in column (4) occurring against all the tariff items of heading 5705, the entry "10%" shall be substituted;

(*36*) in Chapter 58,—

(*i*) in tariff item 5801 10 00, for the entry in column (4), the entry "10% or Rs. 210 per sq. metre, whichever is higher" shall be substituted;

(*ii*) in tariff item 5801 21 00, for the entry in column (4), the entry "10% or Rs. 80 per sq. metre, whichever is higher" shall be substituted;

(*iii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5801 22, the entry "10% or Rs. 75 per sq. metre, whichever is higher" shall be substituted;

(*iv*) in tariff item 5801 23 00, for the entry in column (4), the entry "10% or Rs. 80 per sq. metre, whichever is higher" shall be substituted;

(*v*) in tariff item 5801 24 00, for the entry in column (4), the entry "10% or Rs. 135 per sq. metre, whichever is higher" shall be substituted;

(*vi*) in tariff item 5801 25 00, for the entry in column (4), the entry "10% or Rs. 120 per sq. metre, whichever is higher" shall be substituted;

(*vii*) in tariff item 5801 26 00, for the entry in column (4), the entry "10% or Rs. 180 per sq. metre, whichever is higher" shall be substituted;

(*viii*) in tariff item 5801 31 00, for the entry in column (4), the entry "10% or Rs. 75 per sq. metre, whichever is higher" shall be substituted;

(*ix*) in tariff item 5801 32 00, for the entry in column (4), the entry "10% or Rs. 180 per sq. metre, whichever is higher" shall be substituted;

(*x*) in tariff item 5801 33 00, for the entry in column (4), the entry "10% or Rs. 150 per sq. metre, whichever is higher" shall be substituted;

(*xi*) for the entry in column (4) occurring against all the tariff items of sub-heading 5801 34, the entry "10% or Rs. 140 per sq. metre, whichever is higher" shall be substituted;

(*xii*) in tariff item 5801 35 00, for the entry in column (4), the entry "10% or Rs. 68 per sq. metre, whichever is higher" shall be substituted;

(*xiii*) for the entry in column (4) occurring against all the tariff items of sub-heading 5801 36, the entry "10% or Rs. 130 per sq. metre, whichever is higher" shall be substituted;

(*xiv*) for the entry in column (4) occurring against all the tariff items of sub-heading 5801 90, the entry "10% or Rs. 35 per sq. metre, whichever is higher" shall be substituted;

(*xv*) in tariff item 5802 11 00, for the entry in column (4), the entry "10%" shall be substituted;

(*xvi*) for the entry in column (4) occurring against all the tariff items of sub-heading 5802 19, the entry "10% or Rs. 60 per sq. metre, whichever is higher" shall be substituted;

(*xvii*) in tariff item 5802 20 00, for the entry in column (4), the entry "10%" shall be substituted;

(*xviii*) in tariff item 5802 30 00, for the entry in column (4), the entry "10% or Rs. 150 per kg., whichever is higher" shall be substituted;

(*xix*) for the entry in column (4) occurring against all the tariff items of heading 5803, the entry "10%" shall be substituted;

(*xx*) for the entry in column (4) occurring against all the tariff items of heading 5804, the entry "10% or Rs.200 per kg., whichever is higher" shall be substituted;

(*xxi*) for the entry in column (4) occurring against all the tariff items of headings 5805, 5806, 5807, 5808 and 5809, the entry "10%" shall be substituted;

(*xxii*) in tariff item 5810 10 00, for the entry in column (4), the entry "10% or Rs. 200 per kg., whichever is higher" shall be substituted;

(*xxiii*) in tariff item 5810 91 00, for the entry in column (4), the entry "10%" shall be substituted;

(*xxiv*) for the entry in column (4) occurring against all the tariff items of sub-heading 5810 92, the entry "10%" shall be substituted;

(*xxv*) in tariff item 5810 99 00, for the entry in column (4), the entry "10%" shall be substituted;

(*xxvi*) for the entry in column (4) occurring against all the tariff items of heading 5811, the entry "10%" shall be substituted;

(*37*) in Chapter 59, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*38*) in Chapter 60,—

(*i*) for the entry in column (4) occurring against all the tariff items (except tariff item 6001 92 00), the entry "10%" shall be substituted;

(*ii*) in tariff item 6001 92 00, for the entry in column (4), the entry "10% or Rs. 100 per kg., whichever is higher" shall be substituted;

(*39*) in Chapter 61,—

(*i*) in tariff item 6101 20 00, for the entry in column (4), the entry "10% or Rs.540 per piece, whichever is higher" shall be substituted;

(*ii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6101 30, the entry "10% or Rs. 530 per piece, whichever is higher" shall be substituted;

(*iii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6101 90, the entry "10%" shall be substituted;

(*iv*) in tariff item 6102 10 00, for the entry in column (4), the entry "10% or Rs.595 per piece, whichever is higher" shall be substituted;

(*v*) in tariff item 6102 20 00, for the entry in column (4), the entry "10% or Rs.425 per piece, whichever is higher" shall be substituted;

(*vi*) for the entry in column (4) occurring against all the tariff items of sub-heading 6102 30, the entry "10% or Rs. 475 per piece, whichever is higher" shall be substituted;

(*vii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6102 90, the entry "10%" shall be substituted;

(*viii*) for the entry in column (4) occurring against all the tariff items of heading 6103, the entry "10%" shall be substituted;

(*ix*) in tariff item 6104 13 00, for the entry in column (4), the entry "10%" shall be substituted;

(*x*) for the entry in column (4) occurring against all the tariff items of sub-heading 6104 19, the entry "10% or Rs. 460 per piece, whichever is higher" shall be substituted;

(*xi*) in tariff items 6104 22 00 and 6104 23 00, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*xii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6104 29, the entry "10%" shall be substituted;

(*xiii*) in tariff items 6104 31 00, 6104 32 00 and 6104 33 00, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*xiv*) for the entry in column (4) occurring against all the tariff items of sub-heading 6104 39, the entry "10%" shall be substituted;

(*xv*) in tariff item 6104 41 00, for the entry in column (4), the entry "10% or Rs. 255 per piece, whichever is higher" shall be substituted;

(*xvi*) in tariff item 6104 42 00, for the entry in column (4), the entry "10%" shall be substituted;

(*xvii*) in tariff items 6104 43 00 and 6104 44 00, for the entry in column (4) occurring against each of them, the entry "10% or Rs. 255 per piece, whichever is higher" shall be substituted;

(*xviii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6104 49, the entry "10% or Rs. 220 per piece, whichever is higher" shall be substituted;

(*xix*) in tariff items 6104 51 00, 6104 52 00 and 6104 53 00, for the entry in column (4) occurring against each of them, the entry "10% or Rs.110 per piece, whichever is higher" shall be substituted;

(*xx*) for the entry in column (4) occurring against all the tariff items of sub-heading 6104 59, the entry "10% or Rs. 110 per piece, whichever is higher" shall be substituted;

(*xxi*) in tariff item 6104 61 00, for the entry in column (4), the entry "10%" shall be substituted;

(*xxii*) in tariff items 6104 62 00 and 6104 63 00, for the entry in column (4) occurring against each of them, the entry "10% or Rs.98 per piece, whichever is higher" shall be substituted;

(*xxiii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6104 69, the entry "10%" shall be substituted;

(*xxiv*) for the entry in column (4) occurring against all the tariff items of sub-headings 6105 10 and 6105 20, the entry "10% or Rs. 83 per piece, whichever is higher" shall be substituted;

(*xxv*) for the entry in column (4) occurring against all the tariff items of sub-heading 6105 90, the entry "10% or Rs. 90 per piece, whichever is higher" shall be substituted;

(*xxvi*) in tariff item 6106 10 00, for the entry in column (4), the entry "10% or Rs.90 per piece, whichever is higher" shall be substituted;

(*xxvii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6106 20, the entry "10% or Rs. 25 per piece, whichever is higher" shall be substituted;

(*xxviii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6106 90, the entry "10% or Rs. 135 per piece, whichever is higher" shall be substituted;

(*xxix*) in tariff item 6107 11 00, for the entry in column (4), the entry "10% or Rs.24 per piece, whichever is higher" shall be substituted;

(*xxx*) for the entry in column (4) occurring against all the tariff items of sub-heading 6107 12, the entry "10% or Rs. 30 per piece, whichever is higher" shall be substituted;

(*xxxi*) for the entry in column (4) occurring against all the tariff items of sub-heading 6107 19, the entry "10%" shall be substituted;

(*xxxii*) in tariff item 6107 21 00, for the entry in column (4), the entry "10%" shall be substituted;

(*xxxiii*) for the entry in column (4) occurring against all the tariff items of sub-headings 6107 22, 6107 29, 6107 91 and 6107 99, the entry "10%" shall be substituted;

(*xxxiv*) for the entry in column (4) occurring against all the tariff items of sub-headings 6108 11 and 6108 19, the entry "10%" shall be substituted;

(*xxxv*) in tariff item 6108 21 00, for the entry in column (4), the entry "10% or Rs.25 per piece, whichever is higher" shall be substituted;

(*xxxvi*) for the entry in column (4) occurring against all the tariff items of sub-heading 6108 22, the entry "10% or Rs. 25 per piece, whichever is higher" shall be substituted;

(*xxxvii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6108 29, the entry "10%" shall be substituted;

(*xxxviii*) in tariff item 6108 31 00, for the entry in column (4), the entry "10%" shall be substituted;

(*xxxix*) for the entry in column (4) occurring against all the tariff items of sub-headings 6108 32 and 6108 39, the entry "10%" shall be substituted;

(*xl*) in tariff item 6108 91 00, for the entry in column (4), the entry "10% or Rs.65 per piece, whichever is higher" shall be substituted;

(*xli*) for the entry in column (4) occurring against all the tariff items of sub-heading 6108 92, the entry "10% or Rs. 60 per piece, whichever is higher" shall be substituted;

(*xlii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6108 99, the entry "10%" shall be substituted;

(*xliii*) in tariff item 6109 10 00, for the entry in column (4), the entry "10% or Rs.45 per piece, whichever is higher" shall be substituted;

(*xliv*) for the entry in column (4) occurring against all the tariff items of sub-heading 6109 90, the entry "10% or Rs. 50 per piece, whichever is higher" shall be substituted;

(*xlv*) for the entry in column (4) occurring against all the tariff items of sub-heading 6110 11, the entry "10% or Rs. 275 per piece, whichever is higher" shall be substituted;

(*xlvi*) in tariff items 6110 12 00 and 6110 19 00, for the entry in column (4) occurring against each of them, the entry "10% or Rs. 275 per piece, whichever is higher" shall be substituted;

(*xlvii*) in tariff item 6110 20 00, for the entry in column (4), the entry "10% or Rs. 85 per piece, whichever is higher" shall be substituted;

(*xlviii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6110 30, the entry "10% or Rs. 110 per piece, whichever is higher" shall be substituted;

(*xlix*) in tariff item 6110 90 00, for the entry in column (4), the entry "10% or Rs.105 per piece, whichever is higher" shall be substituted;

(*l*) for the entry in column (4) occurring against all the tariff items of headings 6111 and 6112, the entry "10%" shall be substituted;

(*li*) in tariff item 6113 00 00, for the entry in column (4), the entry "10%" shall be substituted;

(*lii*) for the entry in column (4) occurring against all the tariff items of headings 6114, 6115, 6116 and 6117, the entry "10%" shall be substituted;

(*40*) in Chapter 62,—

(*i*) in tariff item 6201 11 00, for the entry in column (4), the entry "10% or Rs. 385 per piece, whichever is higher" shall be substituted;

(*ii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6201 12, the entry "10% or Rs. 385 per piece, whichever is higher" shall be substituted;

(*iii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6201 13, the entry "10% or Rs. 320 per piece, whichever is higher" shall be substituted;

(*iv*) for the entry in column (4) occurring against all the tariff items of sub-heading 6201 19, the entry "10%" shall be substituted;

(*v*) in tariff item 6201 91 00, for the entry in column (4), the entry "10% or Rs. 220 per piece, whichever is higher" shall be substituted;

(*vi*) in tariff item 6201 92 00, for the entry in column (4), the entry "10% or Rs. 210 per piece, whichever is higher" shall be substituted;

(*vii*) in tariff item 6201 93 00, for the entry in column (4), the entry "10% or Rs. 180 per piece, whichever is higher" shall be substituted;

(*viii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6201 99, the entry "10%" shall be substituted;

(*ix*) for the entry in column (4) occurring against all the tariff items of sub-heading 6202 11, the entry "10% or Rs. 385 per piece, whichever is higher" shall be substituted;

(*x*) in tariff item 6202 12 00, for the entry in column (4), the entry "10% or Rs.210 per piece, whichever is higher" shall be substituted;

(*xi*) in tariff item 6202 13 00, for the entry in column (4), the entry "10% or Rs.385 per piece, whichever is higher" shall be substituted;

(*xii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6202 19, the entry "10%" shall be substituted;

(*xiii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6202 91, the entry "10% or Rs. 220 per piece, whichever is higher" shall be substituted;

(*xiv*) for the entry in column (4) occurring against all the tariff items of sub-heading 6202 92, the entry "10% or Rs. 160 per piece, whichever is higher" shall be substituted;

(*xv*) for the entry in column (4) occurring against all the tariff items of sub-heading 6202 93, the entry "10% or Rs. 220 per piece, whichever is higher" shall be substituted;

(*xvi*) for the entry in column (4) occurring against all the tariff items of sub-heading 6202 99, the entry "10%" shall be substituted;

(*xvii*) in tariff item 6203 11 00, for the entry in column (4), the entry "10% or Rs. 1100 per piece, whichever is higher" shall be substituted;

(*xviii*) in tariff item 6203 12 00, for the entry in column (4), the entry "10% or Rs. 720 per piece, whichever is higher" shall be substituted;

(*xix*) for the entry in column (4) occurring against all the tariff items of sub-heading 6203 19, the entry "10% or Rs. 1110 per piece, whichever is higher" shall be substituted;

(*xx*) in tariff items 6203 22 00, 6203 23 00 and 6203 29 00, for the entry in column (4) occurring against each of them, the entry "10% or Rs.145 per piece, whichever is higher" shall be substituted;

(*xxi*) in tariff item 6203 31 00, for the entry in column (4), the entry "10% or Rs. 815 per piece, whichever is higher" shall be substituted;

(*xxii*) in tariff item 6203 32 00, for the entry in column (4), the entry "10% or Rs.440 per piece, whichever is higher" shall be substituted;

(*xxiii*) in tariff item 6203 33 00, for the entry in column (4), the entry "10% or Rs.320 per piece, whichever is higher" shall be substituted;

(*xxiv*) for the entry in column (4) occurring against all the tariff items of sub-heading 6203 39, the entry "10% or Rs.755 per piece, whichever is higher" shall be substituted;

(*xxv*) in tariff item 6203 41 00, for the entry in column (4), the entry "10% or Rs.285 per piece, whichever is higher" shall be substituted;

(*xxvi*) in tariff item 6203 42 00, for the entry in column (4), the entry "10% or Rs.135 per piece, whichever is higher" shall be substituted;

(*xxvii*) in tariff item 6203 43 00, for the entry in column (4), the entry "10% or Rs.110 per piece, whichever is higher" shall be substituted;

(*xxviii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6203 49, the entry "10% or Rs.110 per piece, whichever is higher" shall be substituted;

(*xxix*) in tariff item 6204 11 00, for the entry in column (4), the entry "10% or Rs.550 per piece, whichever is higher" shall be substituted;

(*xxx*) in tariff item 6204 12 00, for the entry in column (4), the entry "10%" shall be substituted;

(*xxxi*) in tariff item 6204 13 00, for the entry in column (4), the entry "10% or Rs.550 per piece, whichever is higher" shall be substituted;

(*xxxii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6204 19, the entry "10% or Rs.500 per piece, whichever is higher" shall be substituted;

(*xxxiii*) in tariff item 6204 21 00, for the entry in column (4), the entry "10%" shall be substituted;

(*xxxiv*) for the entry in column (4) occurring against all the tariff items of sub-heading 6204 22, the entry "10%" shall be substituted;

(*xxxv*) in tariff item 6204 23 00, for the entry in column (4), the entry "10%" shall be substituted;

(*xxxvi*) for the entry in column (4) occurring against all the tariff items of sub-heading 6204 29, the entry "10%" shall be substituted;

(*xxxvii*) in tariff item 6204 31 00, for the entry in column (4), the entry "10% or Rs. 370 per piece, whichever is higher" shall be substituted;

(*xxxviii*) in tariff item 6204 32 00, for the entry in column (4), the entry "10% or Rs. 650 per piece, whichever is higher" shall be substituted;

(*xxxix*) in tariff item 6204 33 00, for the entry in column (4), the entry "10% or Rs. 390 per piece, whichever is higher" shall be substituted;

(*xl*) for the entry in column (4) occurring against all the tariff items of sub-heading 6204 39, the entry "10% or Rs. 350 per piece, whichever is higher" shall be substituted;

(*xli*) for the entry in column (4) occurring against all the tariff items of sub-heading 6204 41, the entry "10% or Rs. 145 per piece, whichever is higher" shall be substituted;

(*xlii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6204 42, the entry "10% or Rs. 116 per piece, whichever is higher" shall be substituted;

(*xliii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6204 43, the entry "10% or Rs. 145 per piece, whichever is higher" shall be substituted;

(*xliv*) in tariff item 6204 44 00, for the entry in column (4), the entry "10% or Rs. 145 per piece, whichever is higher" shall be substituted;

(*xlv*) for the entry in column (4) occurring against all the tariff items of sub-heading 6204 49, the entry "10% or Rs. 145 per piece, whichever is higher" shall be substituted;

(*xlvi*) in tariff item 6204 51 00, for the entry in column (4), the entry "10% or Rs. 485 per piece, whichever is higher" shall be substituted;

(*xlvii*) in tariff items 6204 52 00 and 6204 53 00, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*xlviii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6204 59, the entry "10%" shall be substituted;

(*xlix*) for the entry in column (4) occurring against all the tariff items of sub-heading 6204 61, the entry "10% or Rs. 285 per piece, whichever is higher" shall be substituted;

(*l*) in tariff item 6204 62 00, for the entry in column (4), the entry "10% or Rs. 135 per piece, whichever is higher" shall be substituted;

(*li*) in tariff item 6204 63 00, for the entry in column (4), the entry "10%" shall be substituted;

(*lii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6204 69, the entry "10% or Rs. 135 per piece, whichever is higher" shall be substituted;

(*liii*) in tariff item 6205 20 00, for the entry in column (4), the entry "10% or Rs. 85 per piece, whichever is higher" shall be substituted;

(*liv*) in tariff item 6205 30 00, for the entry in column (4), the entry "10% or Rs. 120 per piece, whichever is higher" shall be substituted;

(*lv*) for the entry in column (4) occurring against all the tariff items of sub-heading 6205 90, the entry "10% or Rs. 95 per piece, whichever is higher" shall be substituted;

(*lvi*) for the entry in column (4) occurring against all the tariff items of sub-heading 6206 10, the entry "10%" shall be substituted;

(*lvii*) in tariff item 6206 20 00, for the entry in column (4), the entry "10% or Rs. 135 per piece, whichever is higher" shall be substituted;

(*lviii*) in tariff item 6206 30 00, for the entry in column (4), the entry "10% or Rs. 95 per piece, whichever is higher" shall be substituted;

(*lix*) in tariff item 6206 40 00, for the entry in column (4), the entry "10% or Rs. 120 per piece, whichever is higher" shall be substituted;

(*lx*) in tariff item 6206 90 00, for the entry in column (4), the entry "10%" shall be substituted;

(*lxi*) in tariff item 6207 11 00, for the entry in column (4), the entry "10% or Rs. 28 per piece, whichever is higher" shall be substituted;

(*lxii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6207 19, the entry "10% or Rs. 30 per piece, whichever is higher" shall be substituted;

(*lxiii*) in tariff items 6207 21 00, 6207 22 00 and 6207 29 00, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*lxiv*) for the entry in column (4) occurring against all the tariff items of sub-heading 6207 91, the entry "10%" shall be substituted;

(*lxv*) for the entry in column (4) occurring against all the tariff items of sub-heading 6207 99, the entry "10% or Rs. 70 per piece, whichever is higher" shall be substituted;

(*lxvi*) in tariff item 6208 11 00, for the entry in column (4), the entry "10% or Rs.80 per piece, whichever is higher" shall be substituted;

(*lxvii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6208 19, the entry "10% or Rs. 60 per piece, whichever is higher" shall be substituted;

(*lxviii*) in tariff items 6208 21 00 and 6208 22 00, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*lxix*) for the entry in column (4) occurring against all the tariff items of sub-heading 6208 29, the entry "10%" shall be substituted;

(*lxx*) for the entry in column (4) occurring against all the tariff items of sub-heading 6208 91, the entry "10% or Rs. 95 per piece, whichever is higher" shall be substituted;

(*lxxi*) for the entry in column (4) occurring against all the tariff items of sub-heading 6208 92, the entry "10% or Rs. 65 per piece, whichever is higher" shall be substituted;

(*lxxii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6208 99, the entry "10%" shall be substituted;

(*lxxiii*) for the entry in column (4) occurring against all the tariff items of heading 6209, the entry "10%" shall be substituted;

(*lxxiv*) in tariff item 6210 10 00, for the entry in column (4), the entry "10%" shall be substituted;

(*lxxv*) for the entry in column (4) occurring against all the tariff items of sub-heading 6210 20, the entry "10% or Rs. 365 per piece, whichever is higher" shall be substituted;

(*lxxvi*) for the entry in column (4) occurring against all the tariff items of sub-heading 6210 30, the entry "10% or Rs. 305 per piece, whichever is higher" shall be substituted;

(*lxxvii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6210 40, the entry "10% or Rs. 65 per piece, whichever is higher" shall be substituted;

(*lxxviii*) in tariff item 6210 50 00, for the entry in column (4), the entry "10% or Rs. 65 per piece, whichever is higher" shall be substituted;

(*lxxix*) in tariff items 6211 11 00, 6211 12 00 and 6211 20 00, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*lxxx*) in tariff items 6211 32 00 and 6211 33 00, for the entry in column (4) occurring against each of them, the entry "10% or Rs.135 per piece, whichever is higher" shall be substituted;

(*lxxxi*) in tariff items 6211 39 00 and 6211 41 00, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*lxxxii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6211 42, the entry "10% or Rs. 135 per piece, whichever is higher" shall be substituted;

(*lxxxiii*) in tariff item 6211 43 00, for the entry in column (4), the entry "10% or Rs. 135 per piece, whichever is higher" shall be substituted;

(*lxxxiv*) in tariff item 6211 49 00, for the entry in column (4), the entry "10%" shall be substituted;

(*lxxxv*) for the entry in column (4) occurring against all the tariff items of heading 6212, the entry "10% or Rs. 30 per piece, whichever is higher" shall be substituted;

(*lxxxvi*) for the entry in column (4) occurring against all the tariff items of heading 6213, the entry "10%" shall be substituted;

(*lxxxvii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6214 10, the entry "10% or Rs. 390 per piece, whichever is higher" shall be substituted;

(*lxxxviii*) for the entry in column (4) occurring against all the tariff items of sub-heading 6214 20, the entry "10% or Rs.180 per piece, whichever is higher" shall be substituted;

(*lxxxix*) in tariff items 6214 30 00 and 6214 40 00, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*xc*) for the entry in column (4) occurring against all the tariff items of sub-heading 6214 90, the entry "10% or Rs. 75 per piece, whichever is higher" shall be substituted;

(*xci*) for the entry in column (4) occurring against all the tariff items of heading 6215, the entry "10% or Rs. 55 per piece, whichever is higher" shall be substituted;

(*xcii*) for the entry in column (4) occurring against all the tariff items of headings 6216 and 6217, the entry "10%" shall be substituted;

(*41*) in Chapter 63,—

(*i*) for the entry in column (4) occurring against all the tariff items (except tariff items 6301 20 00, 6302 21 00 and 6302 31 00), the entry "10%" shall be substituted;

(*ii*) in tariff item 6301 20 00, for the entry in column (4), the entry "10% or Rs. 275 per piece, whichever is higher" shall be substituted;

(*iii*) in tariff item 6302 21 00, for the entry in column (4), the entry "10% or Rs. 108 per kg., whichever is higher" shall be substituted;

(*iv*) in tariff item 6302 31 00, for the entry in column (4), the entry "10% or Rs. 96 per kg., whichever is higher" shall be substituted;

(*42*) in Chapter 64, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*43*) in Chapter 65, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*44*) in Chapter 66, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*45*) in Chapter 67, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*46*) in Chapter 68, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*47*) in Chapter 69, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*48*) in Chapter 70, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*49*) in Chapter 71, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*50*) in Chapter 72, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*51*) in Chapter 73, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*52*) in Chapter 74,—

(*i*) for the entry in column (4) occurring against all the tariff items of headings 7401, 7402, 7403 and 7404, the entry "5%" shall be substituted;

(*ii*) in tariff item 7405 00 00, for the entry in column (4), the entry "5%" shall be substituted;

(*iii*) for the entry in column (4) occurring against all the tariff items of headings 7406, 7407, 7408, 7409 and 7410, the entry "5%" shall be substituted;

(*iv*) for the entry in column (4) occurring against all the tariff items of headings 7411 and 7412, the entry "10%" shall be substituted;

(*v*) in tariff item 7413 00 00, for the entry in column (4), the entry "10%" shall be substituted;

(*vi*) for the entry in column (4) occurring against all the tariff items of headings 7415, 7418 and 7419, the entry "10%" shall be substituted;

(*53*) in Chapter 75, for the entry in column (4) occurring against all the tariff items, the entry "5%" shall be substituted;

(*54*) in Chapter 76,—

(*i*) for the entry in column (4) occurring against all the tariff items of headings 7601, 7602, 7603, 7604, 7605, 7606 and 7607, the entry "5%" shall be substituted;

(*ii*) for the entry in column (4) occurring against all the tariff items of heading 7608, the entry "10%" shall be substituted;

(*iii*) in tariff item 7609 00 00, for the entry in column (4), the entry "10%" shall be substituted;

(*iv*) for the entry in column (4) occurring against all the tariff items of heading 7610, the entry "10%" shall be substituted;

(*v*) in tariff item 7611 00 00, for the entry in column (4), the entry "10%" shall be substituted;

(*vi*) for the entry in column (4) occurring against all the tariff items of headings 7612, 7613, 7614, 7615 and 7616, the entry "10%" shall be substituted;

(*55*) in Chapter 78,—

(*i*) for the entry in column (4) occurring against all the tariff items of headings 7801, 7802 and 7804, the entry "5%" shall be substituted;

(*ii*) for the entry in column (4) occurring against all the tariff items of heading 7806, the entry "10%" shall be substituted;

(*56*) in Chapter 79,—

(*i*) for the entry in column (4) occurring against all the tariff items of headings 7901, 7902, 7903, 7904 and 7905, the entry "5%" shall be substituted;

(*ii*) for the entry in column (4) occurring against all the tariff items of heading 7907, the entry "10%" shall be substituted;

(*57*) in Chapter 80,—

(*i*) for the entry in column (4) occurring against all the tariff items of headings 8001, 8002 and 8003, the entry "5%" shall be substituted;

(*ii*) for the entry in column (4) occurring against all the tariff items of heading 8007, the entry "10%" shall be substituted;

(*58*) in Chapter 81,—

(*i*) for the entry in column (4) occurring against all the tariff items of heading 8101 (except tariff items 8101 99 10 and 8101 99 90), the entry "5%" shall be substituted;

(*ii*) in tariff items 8101 99 10 and 8101 99 90, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*iii*) for the entry in column (4) occurring against all the tariff items of heading 8102 (except tariff item 8102 99 00), the entry "5%" shall be substituted;

(*iv*) in tariff item 8102 99 00, for the entry in column (4), the entry "10%" shall be substituted;

(*v*) for the entry in column (4) occurring against all the tariff items of heading 8103 (except tariff item 8103 90 00), the entry "5%" shall be substituted;

(*vi*) in tariff item 8103 90 00, for the entry in column (4), the entry "10%" shall be substituted;

(*vii*) for the entry in column (4) occurring against all the tariff items of heading 8104 (except tariff item 8104 90 90), the entry "5%" shall be substituted;

(*viii*) in tariff item 8104 90 90, for the entry in column (4), the entry "10%" shall be substituted;

(*ix*) for the entry in column (4) occurring against all the tariff items of heading 8105 (except tariff item 8105 90 00), the entry "5%" shall be substituted;

(*x*) in tariff item 8105 90 00, for the entry in column (4), the entry "10%" shall be substituted;

(*xi*) for the entry in column (4) occurring against all the tariff items of heading 8106 (except tariff item 8106 00 90), the entry "5%" shall be substituted;

(*xii*) in tariff item 8106 00 90, for the entry in column (4), the entry "10%" shall be substituted;

(*xiii*) for the entry in column (4) occurring against all the tariff items of heading 8107 (except tariff item 8107 90 90), the entry "5%" shall be substituted;

(*xiv*) in tariff item 8107 90 90, for the entry in column (4), the entry "10%" shall be substituted;

(*xv*) for the entry in column (4) occurring against all the tariff items of heading 8108 (except tariff item 8108 90 90), the entry "5%" shall be substituted;

(*xvi*) in tariff item 8108 90 90, for the entry in column (4), the entry "10%" shall be substituted;

(*xvii*) for the entry in column (4) occurring against all the tariff items of heading 8109 (except tariff item 8109 90 00), the entry "5%" shall be substituted;

(*xviii*) in tariff item 8109 90 00, for the entry in column (4), the entry "10%" shall be substituted;

(*xix*) for the entry in column (4) occurring against all the tariff items of heading 8110 (except tariff item 8110 90 00), the entry "5%" shall be substituted;

(*xx*) in tariff item 8110 90 00, for the entry in column (4), the entry "10%" shall be substituted;

(*xxi*) for the entry in column (4) occurring against all the tariff items of heading 8111 (except tariff item 8111 00 90), the entry "5%" shall be substituted;

(*xxii*) in tariff item 8111 00 90, for the entry in column (4), the entry "10%" shall be substituted;

(*xxiii*) for the entry in column (4) occurring against all the tariff items of heading 8112 (except tariff items 8112 19 00, 8112 29 00, 8112 59 00 and 8112 99 00), the entry "5%" shall be substituted;

(*xxiv*) in tariff items 8112 19 00, 8112 29 00, 8112 59 00 and 8112 99 00, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*xxv*) for the entry in column (4) occurring against all the tariff items of heading 8113, the entry "10%" shall be substituted;

(*59*) in Chapter 82, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*60*) in Chapter 83, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*61*) in Chapter 84,—

(*i*) for the entry in column (4) occurring against all the tariff items (except tariff items 8407 21 00, 8413 11 10, 8413 19 10, 8413 20 00, 8413 91 40, 8414 20 10, 8414 20 20, 8414 51 10, 8414 51 20, 8414 51 30, 8414 59 20, 8414 90 12, 8414 90 30, 8415 10 10, 8415 10 90, 8415 20 10, 8415 20 90, 8415 81 10, 8415 81 90, 8415 82 10, 8415 82 90, 8415 83 10, 8415 83 90, 8415 90 00, 8418 10 90, 8418 21 00, 8418 29 00, 8418 30 90, 8418 69 20, 8418 69 30, 8419 11 10, 8419 19 10, 8419 81 10, 8419 81 20, 8419 81 90, 8419 90 10, 8421 21 20, 8422 11 00, 8422 90 20, 8423 10 00, 8423 90 10, 8433 11 90, 8433 19 90, 8443 32 10, 8443 32 20, 8443 32 30, 8443 32 40, 8443 32 50, 8443 32 60, 8443 32 90, 8443 99 10, 8443 99 20, 8443 99 30, 8443 99 40, 8443 99 51, 8443 99 52, 8443 99 59, 8450 11 00, 8450 12 00, 8450 19 00, 8450 90 10, 8451 21 00, 8451 30 10, 8452 10 11, 8452 10 12, 8452 10 19, 8452 10 21, 8452 10 22, 8452 10 29, 8452 30 10, 8452 90 10, 8456 90 10, 8469 00 10, 8469 00 20, 8469 00 90, 8470 10 00, 8470 21 00, 8470 29 00, 8470 30 00, 8470 50 10, 8470 50 20, 8470 90 10, 8470 90 20, 8471 30 10, 8471 30 90, 8471 41 10, 8471 41 20, 8471 41 90, 8471 49 00, 8471 50 00,

8471 60 10, 8471 60 24, 8471 60 25, 8471 60 29, 8471 60 40, 8471 60 50, 8471 60 60, 8471 60 90, 8471 70 10, 8471 70 20, 8471 70 30, 8471 70 40, 8471 70 50, 8471 70 60, 8471 70 70, 8471 70 90, 8471 80 00, 8471 90 00, 8472 90 10, 8473 21 00, 8473 29 00, 8473 30 10, 8473 30 20, 8473 30 30, 8473 30 40, 8473 30 91, 8473 30 92, 8473 30 99 and 8473 50 00), the entry "7.5%" shall be substituted;

(*ii*) in tariff items 8413 11 10, 8413 19 10, 8413 20 00, 8413 91 40, 8414 20 10, 8414 20 20, 8414 51 10, 8414 51 20, 8414 51 30, 8414 59 20, 8414 90 12, 8414 90 30, 8415 10 10, 8415 10 90, 8415 20 10, 8415 20 90, 8415 81 10, 8415 81 90, 8415 82 10, 8415 82 90, 8415 83 10, 8415 83 90, 8415 90 00, 8418 10 90, 8418 21 00, 8418 29 00, 8418 30 90, 8418 69 20, 8418 69 30, 8419 11 10, 8419 19 10, 8419 81 10, 8419 81 20, 8419 81 90, 8419 90 10, 8421 21 20, 8422 11 00, 8422 90 20, 8423 10 00, 8423 90 10, 8433 11 90, 8433 19 90, 8450 11 00, 8450 12 00, 8450 19 00, 8450 90 10, 8451 21 00, 8451 30 10, 8452 10 11, 8452 10 12, 8452 10 19, 8452 10 21, 8452 10 22, 8452 10 29, 8452 30 10, 8452 90 10, 8469 00 20, 8469 00 90 and 8472 90 10, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*62*) in Chapter 85,—

(*i*) for the entry in column (4) occurring against all the tariff items of heading 8501, the entry "7.5%" shall be substituted;

(*ii*) for the entry in column (4) occurring against all the tariff items of heading 8502 (except tariff items 8502 11 00 and 8502 20 10), the entry "7.5%" shall be substituted;

(*iii*) in tariff items 8502 11 00 and 8502 20 10, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*iv*) for the entry in column (4) occurring against all the tariff items of heading 8503, the entry "7.5%" shall be substituted;

(*v*) for the entry in column (4) occurring against all the tariff items of heading 8504 (except tariff items 8504 31 00, 8504 32 00, 8504 40 10 and 8504 40 30), the entry "7.5%" shall be substituted;

(*vi*) in tariff items 8504 31 00, 8504 32 00, 8504 40 10 and 8504 40 30, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*vii*) for the entry in column (4) occurring against all the tariff items of heading 8505, the entry "7.5%" shall be substituted;

(*viii*) for the entry in column (4) occurring against all the tariff items of headings 8506, 8507, 8508, 8509 and 8510, the entry "10%" shall be substituted;

(*ix*) for the entry in column (4) occurring against all the tariff items of heading 8511, the entry "7.5%" shall be substituted;

(*x*) for the entry in column (4) occurring against all the tariff items of heading 8512 (except tariff items 8512 10 00, 8512 20 10, 8512 20 20, 8512 30 10, 8512 40 00), the entry "7.5%" shall be substituted;

(*xi*) in tariff items 8512 10 00, 8512 20 10, 8512 20 20, 8512 30 10, 8512 40 00, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*xii*) for the entry in column (4) occurring against all the tariff items of heading 8513 (except tariff item 8513 10 10), the entry "7.5%" shall be substituted;

(*xiii*) in tariff item 8513 10 10, for the entry in column (4), the entry "10%" shall be substituted;

(*xiv*) for the entry in column (4) occurring against all the tariff items of headings 8514 and 8515, the entry "7.5%" shall be substituted;

(*xv*) for the entry in column (4) occurring against all the tariff items of heading 8516, the entry "10%" shall be substituted;

(*xvi*) for the entry in column (4) occurring against all the tariff items of headings 8518, 8519 (except tariff item 8519 50 00), 8521, 8522 and 8523 (except tariff items 8523 52 10, 8523 52 20, 8523 52 90, 8523 59 10 and 8523 80 20), the entry "10%" shall be substituted;

(*xvii*) for the entry in column (4) occurring against all the tariff items of heading 8525 (except tariff items 8525 50 50, 8525 60 11, 8525 60 12, 8525 60 13, 8525 60 19, 8525 60 91, 8525 60 92, 8525 60 99, 8525 80 10, 8525 80 20, 8525 80 30 and 8525 80 90), the entry "7.5%" shall be substituted;

(*xviii*) in tariff items 8525 50 50, 8525 80 10, 8525 80 20, 8525 80 30 and 8525 80 90, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*xix*) for the entry in column (4) occurring against all the tariff items of heading 8526, the entry "7.5%" shall be substituted;

(*xx*) for the entry in column (4) occurring against all the tariff items of headings 8527 and 8528, the entry "10%" shall be substituted;

(*xxi*) for the entry in column (4) occurring against all the tariff items of heading 8529 (except tariff items 8529 10 19, 8529 10 29, 8529 10 99 and 8529 90 90), the entry "7.5%" shall be substituted;

(*xxii*) in tariff items 8529 10 19, 8529 10 29, 8529 10 99 and 8529 90 90, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*xxiii*) for the entry in column (4) occurring against all the tariff items of heading 8530, the entry "7.5%" shall be substituted;

(*xxiv*) for the entry in column (4) occurring against all the tariff items of heading 8531 (except tariff item 8531 20 00), the entry "10%" shall be substituted;

(*xxv*) for the entry in column (4) occurring against all the tariff items of heading 8535, the entry "7.5%" shall be substituted;

(*xxvi*) for the entry in column (4) occurring against all the tariff items of heading 8536 (except tariff items 8536 10 10, 8536 41 00, 8536 61 10, 8536 61 90, 8536 69 10 and 8536 69 90), the entry "7.5%" shall be substituted;

(*xxvii*) in tariff items 8536 10 10, 8536 41 00, 8536 61 10, 8536 61 90, 8536 69 10 and 8536 69 90, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*xxviii*) for the entry in column (4) occurring against all the tariff items of headings 8537 and 8538, the entry "7.5%" shall be substituted;

(*xxix*) for the entry in column (4) occurring against all the tariff items of heading 8539, the entry "10%" shall be substituted;

(*xxx*) for the entry in column (4) occurring against all the tariff items of heading 8540 (except tariff item 8540 40 00), the entry "10%" shall be substituted;

(*xxxi*) in tariff item 8542 39 00, for the entry in column (4), the entry "7.5%" shall be substituted;

(*xxxii*) for the entry in column (4) occurring against all the tariff items of heading 8543 (except tariff items 8543 10 10 and 8543 70 11), the entry "7.5%" shall be substituted;

(*xxxiii*) for the entry in column (4) occurring against all the tariff items of heading 8544 (except tariff items 8544 70 10 and 8544 70 90), the entry "7.5%" shall be substituted;

(*xxxiv*) for the entry in column (4) occurring against all the tariff items of headings 8545, 8546 and 8547, the entry "7.5%" shall be substituted;

(*xxxv*) for the entry in column (4) occurring against all the tariff items of heading 8548, the entry "10%" shall be substituted;

(*63*) in Chapter 86, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*64*) In Chapter 87,—

(*i*) for the entry in column (4) occurring against all the tariff items of headings 8701 and 8702, the entry "10%" shall be substituted;

(*ii*) for the entry in column (4) occurring against all the tariff items of headings 8704, 8705, 8706, 8707, 8708 and 8709, the entry "10%" shall be substituted;

(*iii*) for the entry in column (4) occurring against all the tariff items of headings 8712, 8713, 8714, 8715 and 8716, the entry "10%" shall be substituted;

(*65*) in Chapter 88, for the entry in column (4) occurring against all the tariff items (except tariff items 8802 20 00, 8802 30 00, 8802 40 00, 8803 10 00, 8803 20 00 and 8803 30 00), the entry "10%" shall be substituted;

(*66*) in Chapter 89, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*67*) in Chapter 90,—

(*i*) for the entry in column (4) occurring against all the tariff items of headings 9001, 9002, 9003, 9004, 9005, 9006, 9007 and 9008, the entry "10%" shall be substituted;

(*ii*) for the entry in column (4) occurring against all the tariff items of heading 9010 (except tariff item 9010 60 00), the entry "7.5%" shall be substituted;

(*iii*) in tariff item 9010 60 00, for the entry in column (4), the entry "10%" shall be substituted;

(*iv*) for the entry in column (4) occurring against all the tariff items of headings 9011 and 9012, the entry "7.5%" shall be substituted;

(*v*) for the entry in column (4) occurring against all the tariff items of heading 9013 (except tariff items 9013 10 10, 9013 80 10 and 9013 90 10), the entry "7.5%" shall be substituted;

(*vi*) in tariff item 9013 10 10, for the entry in column (4), the entry "10%" shall be substituted;

(*vii*) for the entry in column (4) occurring against all the tariff items of headings 9014 and 9015, the entry "7.5%" shall be substituted;

(*viii*) for the entry in column (4) occurring against all the tariff items of headings 9016 and 9017, the entry "10%" shall be substituted;

(*ix*) for the entry in column (4) occurring against all the tariff items of headings 9018 and 9019, the entry "7.5%" shall be substituted;

(*x*) in tariff item 9020 00 00, for the entry in column (4), the entry "7.5%" shall be substituted;

(*xi*) for the entry in column (4) occurring against all the tariff items of headings 9021 and 9022, the entry "7.5%" shall be substituted;

(*xii*) for the entry in column (4) occurring against all the tariff items of heading 9023, the entry "10%" shall be substituted;

(*xiii*) for the entry in column (4) occurring against all the tariff items of heading 9024, the entry "7.5%" shall be substituted;

(*xiv*) for the entry in column (4) occurring against all the tariff items of heading 9025 (except tariff items 9025 11 10 and 9025 19 10), the entry "7.5%" shall be substituted;

(*xv*) in tariff items 9025 11 10 and 9025 19 10, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*xvi*) in tariff item 9027 10 00, for the entry in column (4), the entry "10%" shall be substituted;

(*xvii*) in tariff items 9027 90 10, 9027 90 20 and 9027 90 90, for the entry in column (4) occurring against each of them, the entry "7.5%" shall be substituted;

(*xviii*) for the entry in column (4) occurring against all the tariff items of heading 9028 (except all the tariff items of sub-heading 9028 30), the entry "7.5%" shall be substituted;

(*xix*) in tariff items 9028 30 10 and 9028 30 90, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted;

(*xx*) for the entry in column (4) occurring against all the tariff items of heading 9029 (except tariff item 9029 10 10), the entry "7.5%" shall be substituted;

(*xxi*) in tariff item 9029 10 10, for the entry in column (4), the entry "10%" shall be substituted;

(*xxii*) for the entry in column (4) occurring against all the tariff items of heading 9030 (except tariff items 9030 40 00 and 9030 82 00), the entry "7.5%" shall be substituted;

(*xxiii*) for the entry in column (4) occurring against all the tariff items of heading 9031 (except tariff item 9031 41 00), the entry "7.5%" shall be substituted;

(*xxiv*) for the entry in column (4) occurring against all the tariff items of heading 9032, the entry "7.5%" shall be substituted;

(*xxv*) in tariff item 9033 00 00, for the entry in column (4), the entry "7.5%" shall be substituted;

(*68*) in Chapter 91, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*69*) in Chapter 92, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*70*) in Chapter 93, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*71*) in Chapter 94, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*72*) in Chapter 95, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*73*) in Chapter 96, for the entry in column (4) occurring against all the tariff items, the entry "10%" shall be substituted;

(*74*) in Chapter 97, for the entry in column (4) occurring against all the tariff items (except tariff items 9704 00 10, 9704 00 20 and 9704 00 90), the entry "10%" shall be substituted;

(*75*) in Chapter 98, for the entry in column (4) occurring against all the tariff items (except tariff item 9803 00 00), the entry "10%" shall be substituted.

THE THIRD SCHEDULE

[*See* section 105(*ii*)]

In the Second Schedule to the Customs Tariff Act, for heading Nos.11 and 12 and the entries relating thereto, the following heading Nos. and entries shall be substituted, namely:—

Heading No.	Description of article	Rate of duty
(1)	(2)	(3)
"11.	Iron ores and concentrates, all sorts	Rs. 300 per tonne
12.	Chromium ores and concentrates, all sorts	Rs. 2000 per tonne.".

THE FOURTH SCHEDULE

[*See* section 123]

PART I

In the Third Schedule to the Central Excise Act,—

(1) after S.No. 29 and the entries relating thereto, the following S.No., heading and entries shall be inserted, namely:—

S.No.	Heading, sub-heading or tariff item	Description of goods
(1)	(2)	(3)
"29A.	252329	All goods";

(2) after S.No. 47 and the entries relating thereto, the following S.No., heading and entries shall be inserted, namely:—

(1)	(2)	(3)
"47A.	3808 93 40	Plant growth regulators";

(3) against S.No. 82, for the entry in column (2), the entry "8519" shall be substituted;

(4) against S.No. 93, for the entry in column (2), the entry "8536 (except 8536 70 00)" shall be substituted;

(5) after S.No. 97 and the entries relating thereto, the following S.No., tariff item and entries shall be inserted, namely:—

(1)	(2)	(3)
"97A.	9603 21 00	Toothbrush";

(6) S. No. 101 and the entries relating thereto shall be omitted;

(7) S. No. 102 and the entries relating thereto shall be omitted.

PART II

In the Third Schedule to the Central Excise Act,—

(1) after S.No. 71 and the entries relating thereto, the following S.No., sub-heading or tariff item and entries shall be inserted, namely:—

(1)	(2)	(3)
"71A.	8443 31 00 or 8443 32	Printer, whether or not combined with the functions of copying or facsimile transmission
71B.	8443 32 60 or 8443 39 70	Facsimile machines
71C.	8443 99 51	Ink cartridges, with print head assembly";

(2) after S.No. 74 and the entries relating thereto, the following S.No., sub-heading and entries shall be inserted, namely:—

(1)	(2)	(3)
"74A.	847130	All goods
74B.	847160	All goods";

(*3*) after S.No. 81 and the entries relating thereto, the following S.No., tariff item and entries shall be inserted, namely:—

(1)	(2)	(3)
"81A.	85176230	Modems (modulators-demodulators)
81B.	85176960	Set top boxes for gaining access to internet";

(*4*) after S.No. 92 and the entries relating thereto, the following S.No., heading or tariff item and entries shall be inserted, namely:—

(1)	(2)	(3)
"92A.	8528	Monitors of a kind solely or principally used in an automatic data processing machine
92B.	85287100	Set top boxes for television sets".

THE FIFTH SCHEDULE

(*See* section 124)

In the First Schedule to the Central Excise Tariff Act, 1985,—

(*1*) in Chapter 24,—

(*i*) in tariff item 2402 20 10, for the entry in column (4), the entry "Rs.133 per thousand" shall be substituted;

(*ii*) in tariff item 2402 20 20, for the entry in column (4), the entry "Rs.441 per thousand" shall be substituted;

(*iii*) in tariff item 2402 20 30, for the entry in column (4), the entry "Rs.659 per thousand" shall be substituted;

(*iv*) in tariff item 2402 20 40, for the entry in column (4), the entry "Rs.1,068 per thousand" shall be substituted;

(*v*) in tariff item 2402 20 50, for the entry in column (4), the entry "Rs. 1,424 per thousand" shall be substituted;

(*vi*) in tariff item 2402 20 90, for the entry in column (4), the entry "Rs. 1,748 per thousand" shall be substituted;

(*vii*) in tariff item 2402 90 10, for the entry in column (4), the entry "Rs.1,058 per thousand" shall be substituted;

(*2*) in Chapter 25, for entry in column (4) against all the tariff items of sub-heading 2523 29, the entry "Rs. 600 per tonne" shall be substituted;

(*3*) in Chapter 54,—

(*i*) in tariff items 5407 10 15, 5407 10 25, 5407 10 35, 5407 10 45 and 5407 10 95, for the entry in column (4) occurring against each of them, the entry "12%" shall be substituted;

(*ii*) for entry in column (4) against all the tariff items of sub-headings 5407 20 and 5407 30, the entry "12%" shall be substituted;

(*iii*) in tariff items 5407 41 19, 5407 41 29, 5407 42 90, 5407 43 00, 5407 44 90, 5407 71 10, 5407 71 20, 5407 72 00, 5407 73 00, 5407 74 00, 5407 81 19, 5407 81 29, 5407 82 90, 5407 83 00, 5407 84 90, 5407 91 10, 5407 91 20, 5407 92 00, 5407 93 00 and 5407 94 00, for the entry in column (4) occurring against each of them, the entry "12%" shall be substituted;

(*4*) in Chapter 56, in tariff items 5607 50 10, 5608 11 10 and 5608 11 90 for the entry in column (4) occurring against each of them, the entry "12%" shall be substituted;

(*5*) in Chapter 85, for the entry in column (4) occurring against all the tariff items of heading 8528, the entry "16%" shall be substituted;

(*6*) in Chapter 88,—

(*i*) in tariff items 8802 11 00, 8802 12 00, 8802 20 00, 8802 30 00 and 8802 40 00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(*ii*) in tariff items 8803 10 00, 8803 20 00, 8803 30 00 and 8803 90 00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted.

THE SIXTH SCHEDULE

(*See* section 133)

In the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act,—

(*1*) in heading 5211, in tariff item 5211 20 50, in the entry in column (2), for the words "crepe fabrics including", the words "crepe fabrics including crepe checks" shall be substituted;

(*2*) in heading 5514, in tariff item 5514 30 12, in the entry in column (2), for the words "polyester, staple fibres", the words "polyester staple fibres" shall be substituted.

STATEMENT OF OBJECTS AND REASONS

The object of the Bill is to give effect to the financial proposals of the Central Government for the financial year 2007-2008. The notes on clauses explain the various provisions contained in the Bill.

NEW DELHI;
The 28th February, 2007.

P. CHIDAMBARAM.

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE CONSTITUTION OF INDIA

[Copy of letter No. 2(7)-B(D)/2007, dated the 28th February, 2007 from Shri P. Chidambaram, Minister of Finance, to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject matter of the proposed Bill, recommends under clauses (1) and (3) of article 117, read with clause (1) of article 274, of the Constitution of India, the introduction of the Finance Bill, 2007 to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 28th February, 2007.

Notes on clauses

Income-tax

Clause 2, read with the First Schedule to the Bill, seeks to specify the rates at which income-tax is to be levied on income chargeable to tax for the assessment year 2007-2008. Further, it lays down the rates at which tax is to be deducted at source during the financial year 2007-2008 from income subject to such deduction under the Income-tax Act; and the rates at which "advance tax" is to be paid, tax is to be deducted at source from, or paid on, income chargeable under the head "Salaries" and tax is to be calculated and charged in special cases for the financial year 2007-2008.

Rates of income-tax for the assessment year 2007-2008

Part I of the First Schedule to the Bill specifies the rates at which income is liable to tax for the assessment year 2007-2008. These rates are the same as those specified in Part III of the First Schedule to the Finance Act, 2006, for the purposes of deduction of tax at source from "Salaries", computation of "advance tax" and charging of income-tax in special cases during the financial year 2006-2007.

Rates for deduction of tax at source in certain cases during the financial year 2007-2008 from income other than "Salaries"

Part II of the First Schedule to the Bill specifies the rates at which income-tax is to be deducted at source during the financial year 2007-2008 from certain income other than "Salaries". The rates are the same as those specified in Part II of the First Schedule to the Finance Act, 2006, for the purposes of deduction of income-tax at source during the financial year 2006-2007.

The amount of tax so deducted shall be increased by a surcharge:—

(i) in the case of every individual, Hindu undivided family, association of persons and body of individuals, whether incorporated or not, at the rate of ten per cent., of such tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten lakh rupees;

(ii) in case of every artificial juridical person referred to sub-clause (vii) of clause (31) of section 2 of the income-tax Act, at the rate of ten per cent. of such tax;

(iii) in the case of every firm and domestic company, at the rate of ten per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees;

(iv) in the case of every company other than a domestic company at the rate of two and one-half per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees.

No surcharge shall be levied in the case of any co-operative society or local authority.

Rates for deduction of tax at source from "Salaries", computation of "advance tax" and charging of income-tax in certain cases during the financial year 2007-2008

Part III of the First Schedule to the Bill specifies the rates at which income-tax is to be deducted at source from, or paid on, income under the head "Salaries" and also the rates at which "advance tax" is to be paid and income-tax is to be calculated or charged in certain cases for the financial year 2007-2008.

Paragraph A of this Part specifies the rates of income-tax in the case of every individual or Hindu undivided family or every association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of Part III applies. In such cases, the rates of income-tax on total income shall continue to be as under—

Up to Rs.1,10,000	Nil.
Rs.1,10,001 to Rs.1,50,000	10 per cent.
Rs.1,50,001 to Rs.2,50,000	20 per cent.
Above Rs.2,50,000	30 per cent.

In the case of every individual, being a woman resident in India, and below the age of sixty-five years at any time during the previous year, the exemption limit is proposed to be raised from Rs.1,35,000/- to Rs.1,45,000/-. The rates of income-tax on total income in such cases will be as under—

Up to Rs.1,45,000/-	Nil.
Rs.1,45,001/- to Rs.1,50,000/-	10 per cent.
Rs.1,50,001/- to Rs.2,50,000/-	20 per cent.
Above Rs.2,50,000/-	30 per cent.

In the case of every individual, being a resident in India, who is of the age of sixty-five years or more at any time during the previous year, the exemption limit is proposed to be raised from Rs.1,85,000/- to Rs.1,95,000/-. The rates of income-tax on total income in such cases will be as under—

Up to Rs.1,95,000/-	Nil.
Rs.1,95,001/- to Rs.2,50,000/-	20 per cent.
Above Rs.2,50,000/-	30 per cent.

Paragraph A further provides that the amount of income-tax computed shall, in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, having total income exceeding ten lakh rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A, and the income-tax as so reduced, be increased by a surcharge for purposes of the Union calculated at the rate of ten percent of such income-tax. However, the total amount payable as income-tax and surcharge on total income exceeding ten lakh rupees shall not exceed the total amount payable as income-tax on a total income of ten lakh rupees by more than the amount of income that exceeds ten lakh rupees.

Paragraph A also provides that the amount of income-tax computed shall, in the case of every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

No change is proposed in the rates of surcharge levied in Paragraph A.

Paragraph B of this Part specifies the rates of income-tax in the case of every co-operative society. In such cases, the rates of tax will continue to be the same as those specified for assessment year 2007-2008. No surcharge will be levied.

Paragraph C of this Part specifies the rate of income-tax in the case of every firm. In such cases, the rate of tax will continue to be the same as that specified for assessment year 2007-2008.

Paragraph C further provides the rate of surcharge for every firm. It is proposed to provide in Paragraph C that the amount of income-tax computed shall, in the case of every firm having total income exceeding one crore rupees, be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income tax. However, the total amount payable as income-tax and surcharge on total income exceeding one crore rupees shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph D of this Part specifies the rate of income-tax in the case of every local authority. In such cases, the rate of tax will continue to be the same as that specified for the assessment year 2007-2008. No surcharge will be levied.

Paragraph E of this Part specifies the rates of income-tax in the case of companies. In the case of every domestic company, the rate of tax will continue to be the same as that specified for assessment year 2007-08.

Paragraph E further provides that in the case of every company other than a domestic company, the rates of tax will continue to be the same as those specified for the assessment year 2007-2008.

Paragraph E also provides the rate of surcharge in the case of companies. It is proposed to provide in Paragraph E that the amount of income-tax computed shall, in the case of every domestic company having total income exceeding one crore rupees, be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income tax. It is also proposed to provide in Paragraph E that the amount of income-tax computed shall, in the case of every company, other than a domestic company, having total income exceeding one crore rupees, be increased by a surcharge for purposes of the Union calculated at the rate of two and one-half per cent. of such income tax. However, in case of companies, the total amount payable as income-tax and surcharge on total income exceeding one crore rupees shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

It is also proposed that the additional surcharge, called the "Education Cess on income-tax" for purposes of the Union shall continue to be levied at the rate of two per cent. of income-tax and surcharge in all cases so as to fulfil the commitment of the Government to provide and finance universalised quality basic education.

It is also proposed to levy an additional surcharge, called the "Secondary and Higher Education Cess", for purposes of the Union at the rate of one per cent. of income-tax and surcharge (not including the Education Cess on income-tax) so as to fulfil the commitment of the Government to provide and finance secondary and higher education. This additional surcharge is to be levied in cases where tax has to be deducted at source, "advance tax" is to be computed or income-tax is to be charged in certain cases during financial year 2007-2008.

Clause 3 of the Bill seeks to amend section 2 of the Income-tax Act which relates to the definitions.

Under the said section, the definition of "Additional Commissioner" and "Additional Director" has not been provided directly. Presently, they are included in the definition of Joint Commissioner and Joint Director under clauses (28C) and (28D) respectively. Now, the proposal is to define these two terms separately for clarificatory purposes.

It is proposed to insert clause (1C) in the said section so as to provide that "Additional Commissioner" means a person appointed to be an Additional Commissioner of Income-tax under sub-section (1) of section 117. It is further proposed to insert clause (1D) in the said section so as to define "Additional Director" to mean a person appointed to be an Additional Director of Income-tax under sub-section (1) of section 117.

This amendment will take effect retrospectively from 1st June, 1994.

Under the existing provisions of clause (7A) of the said section 2, it has been provided that "Assessing Officer" means the Assistant Commissioner or Deputy Commissioner or Assistant Director or Deputy Director or the Income-tax Officer who is vested with the relevant jurisdiction by virtue of directions or orders issued under sub-section (1) or sub-section (2) of section 120 or any other provision of this Act, and the Joint Commissioner or Joint Director who is directed under clause (b) of sub-section (4) of that section to exercise or perform all or any of the powers and functions conferred on, or assigned to, an Assessing Officer under this Act.

It is proposed to amend said clause (7A) so as to include Additional Commissioner in the definition of "Assessing Officer". The proposed amendment is clarificatory in nature.

This amendment will take effect retrospectively from 1st June, 1994.

It is further proposed to amend said clause (7A) so as to include Additional Director in the definition of "Assessing Officer". The proposed amendment is also clarificatory in nature.

This amendment will take effect retrospectively from 1st October, 1996.

It is also proposed to insert clause (9B) in the said section so as to define "Assistant Director" to mean a person appointed to be an Assistant Director of Income-tax under sub-section (1) of section 117.

This amendment will take effect retrospectively from 1st April, 1988.

Clause (14) of the said section provides for definition of the term "capital asset" which means property of any kind held by an assessee, but excluding, *inter alia*, the personal effects. Sub-clause (ii) of the said clause refers to personal effects (including wearing apparel and furniture, but excluding jewellery) held for personal use by the assessee or any member of his family dependent on him.

It is proposed to substitute the said clause so as to exclude, from the expression of "personal effects", jewellery, archaeological collections, drawings, paintings, sculptures and any work of art so as to bring the same within the purview of the definition of "capital assets".

This amendment will take effect from the 1st day of April, 2008 and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent years.

A new sub-clause (vi) was inserted in sub-section (2) of section 56 of the Act with effect from the 1st day of April, 2007 so as to provide that where any sum of money, the aggregate value of which exceeds fifty thousand rupees, is received without consideration, by an individual or a Hindu undivided family, in any previous year from any person or persons on or after the 1st day of April, 2006, the whole of the aggregate value of such sum is chargeable to income-tax under the head 'income from other sources' except the sum of money received from such persons and under such circumstances as provided in the proviso to that sub-clause.

In view of the fact that the sum so received is treated as income from other sources but the same has not been included in the definition of 'income' under clause (24) of section 2, it is now proposed to insert a new sub-clause (xiv) to the said clause (24) so as to include income received under clause (vi) of sub-section (2) of section 56, in the definition of income.

This amendment will take effect retrospectively from 1st April, 2007 and will, accordingly, apply in relation to the assessment year 2007-2008 and subsequent years.

Clause (25A) of the said section provides that India shall be deemed to include the Union territories of Dadra and Nagar Haveli, Goa, Daman and Diu, and Pondicherry. The said definition is as respects any period for the purposes of section 6 and as respects any period included in the previous year, for the purposes of making any assessment for the assessment year commencing on the 1st day of April, 1963, or for any subsequent assessment year.

The proposed amendment is to substitute the said clause with a new clause so as to provide that "India" means the territory of India as referred to in article 1 of the Constitution, its territorial waters, seabed and subsoil underlying such waters, continental shelf, exclusive economic zone or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976, and the air space above its territory and territorial waters.

This amendment will take effect retrospectively from 25th August, 1976.

Clause 4 of the Bill seeks to amend section 7 of the Income-tax Act which relates to income deemed to be received.

Under the provisions contained in clause (iii) of the said section, the contribution made by the Central Government in the previous year, to the account of an employee under a pension scheme referred to in section 80CCD shall be deemed to be income received in the previous year.

It is proposed to amend the said clause (iii) so as to provide that the contribution made by any other employer in the previous year, to the account of an employee under a pension scheme referred to in section 80CCD shall also be deemed to be income received in the previous year.

This amendment will take effect retrospectively from the 1st April, 2004 and shall, accordingly, apply in relation to the assessment year 2004-2005 and subsequent years.

Clause 5 of the Bill seeks to amend section 9 of the Income-tax Act which relates to income deemed to accrue or arise in India.

The provisions contained in section 9 provide for the situations where incomes are deemed to accrue or arise in India.

It is proposed to amend the said section by inserting therein an Explanation stating that for the removal of doubts, for the purposes of the said section, where income is deemed to accrue or arise in India under clauses (v), (vi) and (vii) of sub-section (1), such income shall be included in the total income of the non-resident, whether or not the non-resident has a residence or place of business or business connection in India.

This amendment will take effect retrospectively from 1st June, 1976.

Clause 6 of the Bill seeks to amend section 10 of the Income-tax Act which relates to incomes not included in the total income.

It is proposed to insert a new sub-clause (10BC) in section 10 so as to provide that any amount received or receivable from the Central Government or a State Government or a local authority by an individual or his legal heir by way of compensation on account of any disaster shall not be included in the total income except the amount received or receivable to the extent such individual or his legal heir has been allowed a deduction under this Act on account of any loss or damage caused by such disaster. It is also proposed to define the expression "disaster" therein.

This amendment will take effect retrospectively from 1st April, 2005 and will, accordingly, apply in relation to the assessment year 2005-2006 and subsequent years.

The Explanation to item (fa) of sub-clause (iv) of clause (15) of section 10, provides for the expression "scheduled bank" which has been defined to have the meaning assigned to it in clause (ii) of the Explanation to clause (viia) of sub-section (1) of section 36. As a result, interest payable by a co-operative bank to a non-resident or to a person who is not ordinarily resident within the meaning of clause (6) of section 6 on deposits in foreign currency is not exempt from income-tax.

It is proposed to amend the Explanation to the said item (fa) in view of the amendment to the definition of "scheduled bank" as given in the Explanation to clause (viia) of sub-section (1) of section 36 which excludes co-operative bank from the purview of the said definition. This amendment is of consequential nature.

This amendment will take effect retrospectively from 1st April, 2007 and will, accordingly, apply in relation to the assessment year 2007-2008 and subsequent years.

The provisions contained in sub-clause (vii) of clause (15) of the said section provide that the interest on bonds issued by a local authority and specified by the Central Government by notification in the Official Gazette shall not be included in the total income.

It is proposed to amend the said sub-clause (vii) so as to provide that interest on bonds issued by a State Pooled Finance Entity and specified by the Central Government by notification in the Official Gazette shall also not be included in the total income.

It is further proposed to insert an Explanation to define the expression "State Pooled Finance Entity".

This amendment will take effect from the 1st April, 2008, and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent years.

Clause (23BBD) of the said section provides that any income of the Secretariat of the Asian Organisation of the Supreme Audit Institutions registered as "ASOSAI-SECRETARIAT" under the Societies Registration Act, 1860 for seven previous years relevant to the assessment years beginning on the 1st day of April, 2001 and ending on the 31st day of March, 2008, shall not be included in the total income.

It is proposed to amend the said clause so as to extend the said exemption for a further period of three assessment years beginning on 1st day of April, 2008 and ending on 31st day of March, 2011.

This amendment will take effect from the 1st day of April, 2008 and will, accordingly, apply in relation to the assessment years 2008-2009 to 2010-2011.

It is proposed to insert a new clause (23BBG) in the said section with a view to exempt any income of the Central Electricity Regulatory Commission.

This amendment will take effect from 1st April, 2008, and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent years.

The provisions of sub-clause (iv) of clause (23C) of the said section provide that the income of any fund or institution established for charitable purposes which may be notified by the Central Government in the Official Gazette, having regard to the objects of the fund or institution and its importance throughout India or throughout any State or States, shall be exempt.

The provisions contained in sub-clause (v) of clause (23C) of section 10, provide that the income of any trust (including any other legal obligation) or institution wholly for public religious purposes or wholly for public religious and charitable purposes, which may be notified by the Central Government in the Official Gazette, shall be exempt.

It is proposed to amend the said sub-clauses (iv) and (v) so as to allow the said exemption to such entities referred to therein, as may be approved by the prescribed authority.

These amendments will take effect from the 1st June, 2007.

The second proviso to clause (23C) of section 10 provides that the Central Government before notifying the fund or trust or institution, or the prescribed authority, before approving any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via), may call for necessary documents or information from the above referred entities as well as make inquiries to satisfy itself about the genuineness of the activities of such entities.

It is proposed to substitute the said second proviso with a new proviso so as to remove the reference to Central Government and to provide that the prescribed authority may call for such documents or information and make such inquiries before approving any fund or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via).

The ninth proviso to clause (23C) of section 10, *inter alia*, provides that where an application under the first proviso is made on or after the date on which the Taxation Laws (Amendment) Bill, 2006 received the assent of the President, every notification under sub-clause (iv) or sub-clause (v) shall be issued or an order rejecting the application shall be passed within the period of twelve months from the end of the month in which the application was received.

It is proposed to amend the said ninth proviso in order to include a reference to approval granted under sub-clause (iv) or sub-clause (v) of the said clause in addition to the notification issued under the said sub-clauses.

The existing thirteenth proviso to clause (23C) of section 10, *inter alia*, provides for rescinding of any notification issued under sub-clause (iv) or sub-clause (v) by the Central Government under certain circumstances as specified therein.

It is proposed to amend the said thirteenth proviso so as to include a reference to the withdrawal of approval granted by the prescribed authority to any fund or trust or institution referred to in sub-clause (iv) or sub-clause (v).

It is also proposed to insert a new proviso after the fifteenth proviso so as to provide that all pending applications in respect of which no notification has been issued under sub-clause (iv) or sub-clause (v) before the 1st day of June, 2007, shall stand transferred on that day to the prescribed authority and the prescribed authority may proceed with such applications under those sub-clauses from the stage at which they were on that day.

These amendments are consequential in nature and will take effect from the 1st day of June, 2007.

It is proposed to insert a new clause (23EC) in the said section to exempt any income, by way of contributions received from commodity exchanges and the members thereof, of such Investor Protection Fund, set up by commodity exchanges in India either jointly or separately, as the Central Government may, by notification in the Official Gazette, specify in this behalf.

It is also proposed to provide that where any amount standing to the credit of the Investor Protection Fund and not charged to income-tax during any previous year is shared, either wholly or in part, with a commodity exchange, the whole of the amount so shared shall be deemed to be the income of the previous year in which such amount is so shared and shall accordingly be chargeable to income-tax.

This amendment will take effect from the 1st day of April, 2008 and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent years.

Clause (23FB) of the said section provides that any income of a venture capital company or venture capital fund set up to raise funds for investment in a venture capital undertaking does not form part of total income. The definitions of "venture capital company", "venture capital fund" and "venture capital undertaking" are provided in Explanation 1 to clause (23FB). "Venture capital undertaking" has been defined in clause (c) of the said *Explanation* to mean a venture capital undertaking referred to in Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette by the Board.

It is proposed to amend clause (23FB) so as to provide exemption to any income of a venture capital company or venture capital fund from investment in a venture capital undertaking.

For the purposes of the said clause (23FB), it is also proposed to amend clause (c) of *Explanation* 1 so as to define "venture capital undertaking" to mean such domestic company whose shares are not listed in a recognised stock exchange in India and which is engaged in certain specified businesses or industries.

These amendments will take effect from the 1st day of April, 2008 and will accordingly apply in relation to the assessment year 2008-2009 and subsequent assessment years.

Clause 7 of the Bill seeks to amend section 10AA of the Income-tax Act relating to special provisions in respect of newly established units in Special Economic Zones.

The provisions contained in sub-section (4) of the said section provides that section 10AA is applicable to any undertaking, being the unit, which has begun or begins to manufacture or produce articles or things or provide services during the previous year relevant to the assessement year commencing on or after the 1st day of April, 2006 in any Special Economic Zone.

It is proposed to substitute said sub-section (4) so as to provide that section 10AA is applicable to any undertaking, being the unit, which fulfils conditions laid down therein. The conditions are that (i) it has begun or begins to manufacture or produce articles or things or provide services during the previous year relevant to the assessment year commencing on or after the 1st day of April, 2006 in any Special Economic Zone; (ii) it is not formed by the splitting up, or the reconstruction, of a business already in existence; (iii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

It is further proposed to provide that the condition mentioned in clause (ii) of the proposed sub-section (4) shall not apply in respect of any undertaking, being the unit, which is formed as a result of re-establishment, reconstruction or revival by the assessee of the business of any such undertakings as referred to in section 33B in the circumstances and within the period specified in that section.

It is also proposed to insert an *Explanation* so as to provide that the provisions of *Explanation* 1 and *Explanation* 2 to sub-section (3) of section 80-IA shall apply for the purposes of clause (iii) of the said sub-section (4).

This amendment will take effect retrospectively from 10th February, 2006.

Clause 8 of the Bill seeks to amend section 12A of the Income-tax Act which relates to conditions as to registration of trusts, etc.

It is proposed to amend the marginal heading of the said section as "Conditions for applicability of sections 11 and 12".

The provisions of the said section 12A, which lay down the conditions for registration of trusts, are proposed to be renumbered as sub-section (1).

Clause (a) of the renumbered sub-section (1) provides a condition that the provisions of sections 11 and 12 shall not apply in relation to the income of any trust or institution if the person in receipt of income has made an application for registration of trust or institution in the prescribed form and in the prescribed manner to the Commissioner before the 1st day of July, 1973, or before the expiry of a period of one year from the date of the creation of the trust or establishment of the institution, whichever is later and such trust or institution is registered under section 12AA. Where the application is not filed within the period aforesaid, the Commission has the power to condone the delay. It is proposed to amend the condition in the said section 12A so as to remove the requirement for filing an application for registration within one year of the creation of the trust or establishment of an institution and also to remove the power of the Commissioner to condone any delay in filing such application.

For this purpose, it is proposed to insert a second proviso to the said clause (a) so as to provide that the provisions of said clause (a) shall not apply in relation to an application made on or after the 1st day of June, 2007.

It is also proposed to insert a new clause (aa) in sub-section (1) as so renumbered to provide that the provisions of sections 11 and 12 shall not apply in relation to the income of the trust or institution unless the person in receipt of the income has made an application for the registration of the trust or institution on or after the 1st day of June, 2007 in the prescribed form and in the prescribed manner to the Commissioner and such trust or institution is registered under section 12AA.

It is also proposed to insert a new sub-section (2) in the said section so as to provide that where an application has been made on or after the 1st day of June, 2007, the provisions of sections 11 and 12 shall apply in relation to the income of such trust or institution for the assessment year immediately following the financial year in which such application is made.

These amendments will take effect from 1st June, 2007.

Clause 9 of the Bill seeks to amend section 12AA of the Income-tax Act relating to procedure for registration of trusts or institutions.

It is proposed to amend sub-section (1) of the said section so as to include a reference to an application for registration of a trust or institution made under clause (aa) of sub-section (1) of section 12A, proposed to be inserted vide clause 8 of the Bill. This amendment is consequential in nature.

It is also proposed to amend sub-section (2) of the said section so as to include a reference to an application for registration of a trust or institution made under clause (aa) of sub-section (1) of section 12A, proposed to be inserted vide clause 8 of the Bill. This amendment is consequential in nature.

These amendments will take effect from 1st June, 2007.

Clause 10 of the Bill seeks to amend section 17 of the Income-tax Act which provides for definition of "salary", "perquisite" and "profits in lieu of salary".

Under the existing provisions contained in sub-clause (viii) of clause (1) of the said section, the contribution made by the Central Government in the previous year, to the account of an employee under a pension scheme referred to in section 80CCD shall be included in the definition of "salary".

It is proposed to amend the said sub-clause (viii) so as to provide that the contribution made by any other employer in the previous year, to the account of an employee under a pension scheme referred to in section 80CCD shall also be included in the definition of "salary".

This amendment will take effect retrospectively from the 1st day of April, 2004 and shall, accordingly, apply in relation to the assessment year 2004-2005 and subsequent years.

Clause (2) of section 17 provides that perquisite, *inter alia*, includes the value of rent free accommodation provided to the assessee by his employer, the value of any concession in the matter of rent respecting any accommodation provided to the assessee by his employer, etc.

It is proposed to insert an *Explanation* to sub-clause (ii) of clause (2) so as to provide that concession in the matter of rent shall be deemed to have been provided, in a case where unfurnished accommodation is provided to the assessee by an employer (other than Central or State Government) owned by the employer, the value of accommodation determined at the rate of ten per cent. of the salary in cities having population exceeding four lakhs as per 1991 census and seven and one-half per cent. of salary in other cities, in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from, or payable by assessee.

It is further proposed to provide that concession in the matter of rent shall be deemed to have been provided in a case where an unfurnished accommodation is provided to the assessee by an employer (other than Central or State Government) is taken on lease or rent by the employer, the value of accommodation being the actual amount of lease rental paid or payable by the employer or ten per cent. of salary, whichever is lower, in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from, or payable by the assessee.

It is also proposed to provide that concession in the matter of rent shall be deemed to have been provided in a case where a furnished accommodation is provided to the assessee

by the Central or State Government, the licence fee determined by the Central or State Government in respect of the accommodation in accordance with the rules framed by such Government as increased by the value of furniture and fixtures in respect of the period during which the said accommodation was occupied by the assessee, exceeds the aggregate of the rent recoverable from or payable by the assessee, and any charges paid or payable for the furniture and fixtures by the assessee.

It is also proposed to provide that in a case where a furnished accommodation is provided by an employer other than Central or State Government and accommodation is owned by the employer, the value of unfurnished accommodation as increased by the value of the furniture and fixtures in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from or payable by the assessee.

It is also proposed to provide that in a case where a furnished accommodation is provided by an employer other than Central or State Government and accommodation is taken on lease or rent by the employer, the value of unfurnished accommodation as increased by the value of the furniture and fixtures in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from or payable by the assessee.

It is also proposed to provide that the value of furniture and fixture shall be ten per cent. of the cost of furniture (including television sets, radio sets, refrigerators, other household appliances, air-conditioning plant or equipment or other similar appliances or gadgets) or if such furniture is hired from a third party, by the actual hire charges payable for the same as reduced by any charges paid or payable for the same by the employee during the previous year.

It is also proposed to provide that in a case where the accommodation is provided by an employer other than Central or State Government in a hotel (except where the assessee is provided such accommodation for a period not exceeding in aggregate fifteen days on his transfer from one place to another), the value of accommodation determined at the rate of twenty-four per cent. of salary paid were payable for the previous year or the actual charges paid or payable to such hotel, whichever is lower, for the period during which such accommodation is provided, exceeds the rent recoverable from or payable by the assessee.

These amendments will take effect retrospectively from 1st April, 2002 and will, accordingly, apply in relation to the assessment year 2002-2003 and subsequent years.

It is also proposed to substitute clause (a) of the *Explanation* 1 as so inserted so as to provide that concession in the matter of rent shall be deemed to have been provided in a case where an unfurnished accommodation is provided by any employer other than the Central Government or State Government and the accommodation is owned by the employer, the value of the accommodation determined at the rate of twenty per cent. of salary in cities having population exceeding four lakhs as per 2001 census and fifteen per cent. of the salary in other cities, in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from or payable by the assessee.

It is also proposed to provide that concession in the matter of rent shall be deemed to have been provided in a case where an unfurnished accommodation is provided by any employer other than the Central Government or any State Government and the accommodation is taken on lease or rent by the employer, the value of the accommodation being the actual amount of lease rental paid or payable by the employer or twenty per cent. of salary, whichever is lower, in respect of the period during which the said accommodation was occupied by the assessee during the previous year, exceeds the rent recoverable from or payable by the assessee.

These amendments will take effect retrospectively from 1st April, 2006 and will, accordingly, apply in relation to the assessment year 2006-2007 and subsequent years.

According to sub-clause (iii) of the said clause, "perquisite" includes the value of any benefit or amenity granted or provided free of cost or at concessional rate by a company, etc. However, the proviso to sub-clause (iii) excludes therefrom the value of any benefit provided by a company free of cost or at a concessional rate to its employees by way of allotment of shares, debentures or warrants directly or indirectly under any Employees' Stock Option Plan or Scheme of the company offered to such employees in accordance with the guidelines issued by the Central Government.

It is proposed to omit the said proviso to sub-clause (iii) of clause (2) of section 17.

This amendment will take effect form 1st April, 2008 and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent years.

Clause 11 of the Bill seeks to amend section 35 of the Income-tax Act which relates to expenditure on scientific research.

Sub-section (2AB) of the said section provides that where a company engaged in the business of bio-technology or in the business of manufacture or production of articles or things specified therein, or notified thereunder, incurs any expenditure on scientific research (not being expenditure in the nature of cost of any land or building) on in-house research and development facility as approved by the prescribed authority, then there shall be allowed a deduction of a sum equal to one and one-half times of the expenditure so incurred. However, no deduction is allowable under the said sub-section in respect of such expenditure incurred after the 31st day of March, 2007.

It is proposed to amend clause (5) of the said sub-section (2AB) so as to allow deduction in respect of expenditure incurred up to the 31st March, 2012.

This amendment will take effect from the 1st day of April, 2008 and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent assessment years up to assessment year 2012-2013.

Clause 12 of the Bill seeks to amend section 36 of the Income-tax Act relating to other deductions.

Clause (ib) of sub-section (1) of the said section provides for deduction to the extent specified therein of the amount of premium paid by cheque by the assessee as an employer to effect or to keep in force an insurance on health of his employees under the scheme approved by the Central Government or by any other insurer as provided therein.

Now, it is proposed that the said premium can be paid by other mode also except cash.

This amendment will take effect from the 1st day of April, 2008, and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent years.

Sub-clause (a) of clause (viia) of sub-section (1) of the said section provides for deduction of an amount not exceeding seven and one-half per cent. of the total income (computed before making any deduction under the said clause and Chapter VIA) and an amount not exceeding ten per cent. of the aggregate average advances made by the rural branches of a scheduled bank as specified or a non-scheduled bank in the computation of income of such banks.

The proposed amendment seeks to extend the same deductions which are available to a scheduled bank and non-scheduled bank to a co-operative bank not being a primary agricultural credit society or a primary co-operative agricultural and rural development bank.

This amendment will take effect retrospectively from 1st April, 2007 and will, accordingly, apply in relation to the assessment year 2007-2008 and subsequent years.

Clause (viii) of sub-section (1) of the said section provides deduction, in respect of any special reserve created and maintained by specified entities, for an amount not exceeding forty per cent. of profits derived from eligible business activities, carried to such reserve.

It is proposed to substitute clause (viii) of sub-section (1) of the said section so as to reduce the percentage of deduction from forty per cent. to twenty per cent. of the profits derived from the business of providing long-term finance. The proposed amendment further seeks to define certain terms including 'specified entities' and 'eligible business' for the purposes of deduction. The specified entities and the respective eligible business which are entitled to such deduction are,—

(a) a financial corporation specified in section 4A of the Companies Act or a financial corporation which is a public sector company or a banking company or a co-operative bank (other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank) engaged in the business of providing long-term finance in India for industrial or agricultural development or development of infrastructure facility;

(b) a housing finance public company engaged in the business of providing long-term finance for the construction or purchase of houses in India for residential purposes; and

(c) any other financial corporation including a public company, engaged in the business of providing long-term finance for development of infrastructure facility in India.

These amendments will take effect from the 1st April, 2008 and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent years.

The existing provisions of clause (x) of sub-section (1) of the said section allows deduction of any sum paid by a public financial institution by way of contribution to any Exchange Risk Administration Fund set up by public financial institutions, either jointly or separately.

The proposed amendment seeks to omit the said clause from sub-section (1) of section 36.

This amendment will take effect from 1st April, 2008 and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent years.

Clause (xii) of sub-section (1) of the said section provides that any expenditure (not being in the nature of capital expenditure) incurred by a corporation or a body corporate, by whatever name called, constituted or established by a Central, State or Provincial Act, for the objects and purposes authorised by the Act, is allowed as deduction in the computation of its income.

The proposed amendment seeks to provide that the deduction shall be allowed only if such corporation or body corporate is notified by the Central Government in the Official Gazette under the said clause, having regard to the objects and purposes of the corresponding Central, State or Provincial Act.

This amendment will take effect from 1st April, 2008 and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent years.

Sub-section (1) of the said section provides that the deductions provided for in the clauses thereunder, shall be allowed in respect of matters dealt with therein, in computing the income under section 28 which relates to profits and gains of business or profession.

It is proposed to insert a new clause (xiv) in sub-section (1) of the said section to provide for deduction of any sum paid by a public financial institution by way of contribution to such credit guarantee fund trust for small industries as the Central Government may, by notification in the Official Gazette, specify in this behalf.

It is also proposed to define the expression "public financial institution".

This amendment will take effect from 1st April, 2008 and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent assessment years.

Clause 13 of the Bill seeks to amend section 40A of the Income-tax Act which relates to expenses or payments not deductible in certain circumstances.

The provisions contained in sub-section (3) of the said section provide that any expenditure incurred by the assessee in respect of which payment exceeding twenty thousand rupees is made otherwise than by an account payee cheque drawn on a bank or by an account payee bank draft is not allowed as a deduction to the extent of twenty per cent. of such payment.

It is proposed to substitute the said sub-section (3) so as to provide that (a) where the assessee incurs any expenditure in respect of which payment exceeding twenty thousand rupees is made otherwise than by an account payee cheque drawn on a bank or account payee bank draft, no deduction shall be allowed in respect of such expenditure; (b) where an allowance has been made in the assessment for any year in respect of any liability incurred by the assessee and subsequently during any previous year, the assessee makes payment in respect thereof, otherwise than by an account payee cheque drawn on a bank or account payee bank draft, the payment so made shall be deemed to be the profits and gains of business or profession and accordingly chargeable to income-tax as income of the subsequent year if the amount of payment exceeds twenty thousand rupees.

However, no disallowance shall be made and no payment shall be deemed to be the profits and gains of business or profession where any payment exceeding twenty thousand rupees is made in such cases and such circumstances as may be prescribed, having regard to the nature and extent of banking facilities available, considerations of business expediency and other relevant factors.

This amendment will take effect from 1st April, 2008 and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent assessment years.

Clause 14 of the Bill seeks to amend section 49 of the Income-tax Act which relates to cost with reference to certain modes of acquisition.

It is proposed to insert sub-section (2AB) in the said section so as to provide that in a case where the capital gain arises from the transfer of the specified security or sweat equity shares, the value of which has been taken into account while computing the value of fringe benefits under clause (ba) of sub-section (1) of section 115WC, the cost of acquisition of such security or shares shall be the value under the proposed clause (ba).

This amendment is consequential to insertion of clause (ba) in sub-section (1) of section 115WC.

This amendment will take effect from 1st April, 2008 and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent years.

Clause 15 of the Bill seeks to amend section 54EC of the Income-tax Act relating to capital gains not to be charged on investment in certain bonds.

The provisions contained in sub-section (1) of the said section provides that the capital gains arising from the transfer of a long-term capital asset shall be exempt from tax to the extent such gains are invested in long-term specified asset within a period of six months after the date of such transfer.

It is proposed to amend the said sub-section (1) so as to provide that the investment made on or after the 1st day of April, 2007 in the long-term specified asset by an assessee during any financial year does not exceed fifty lakh rupees.

This amendment will take effect from 1st April, 2007.

Clause (b) of the Explanation to section 54EC clarifies the expression "long-term specified asset" to mean any bond redeemable after three years and issued on or after the 1st day of April, 2006 by the National Highways Authority of India or by the Rural Electrification Corporation Limited, being a company formed and registered under the Companies Act, 1956 and notified by the Central Government for the purposes of the said section.

It is proposed to amend the said clause (b) so as to provide that "long-term specified asset" for making any investment under this section during the period commencing from the 1st day of April, 2006 and ending with the 31st day of March, 2007, means any bond, redeemable after three years and issued on or after the 1st day of April, 2006, but on or before 31st day of March, 2007, by the National Highways Authority of India or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purposes of this section with such conditions (including the condition for providing a limit on the amount of investment by an assessee in such bonds) as it thinks fit:

It is also proposed to insert a proviso after clause (b) as so substituted to validate the bonds notified before the 1st day of April, 2007, with the conditions specified in the notification, under the provisions of clause (b) as they stood immediately before their amendment by the Finance Act, 2007.

These amendments will take effect retrospectively from 1st April, 2006.

It is further proposed to insert a new clause (ba) providing that "long term specified asset" for making any investment under this section on or after the 1st day of April, 2007 means any bond, redeemable after three years and issued on or after the 1st day of April, 2007 by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India, Act, 1988 or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

This amendment will take effect from 1st April, 2007.

Clause 16 of the Bill seeks to amend section 56 of the Income-tax Act which relates to income from other sources.

Clause (v) of sub-section (2) of the said section provides that where any sum of money exceeding Rs.25,000 is received without consideration by an individual or a Hindu undivided family from any person on or after the 1st day of September, 2004 but before the 1st day of April, 2006, the whole of such sum is chargeable to income-tax under the head 'income from other sources'. The proviso to the said clause provides that the said clause shall not apply to any sum of money received from such persons and under such circumstances specified therein. Amendments were made to the said proviso vide the Taxation Laws (Amendment) Act, 2006 and clauses (e), (f) and (g) were inserted therein so as to provide that clause (v) shall not apply to any such sum of money received from any local authority as defined in the Explanation to clause (20) of section 10, or from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10, or from any trust or institution registered under section 12AA. This amendment came into effect on the 13th day of July, 2006.

Though the intention was to give effect to the said clauses (e), (f) and (g) with effect from the 1st day of April, 2005, the Taxation Laws (Amendment) Act, 2006 came into force on the 13th day of July, 2006. Therefore, it is proposed to give retrospective effect to clauses (e), (f) and (g) with effect from the 1st day of April, 2005.

This amendment will take effect retrospectively from 1st April, 2005 and will, apply in relation to the assessment years 2005-2006 and 2006-2007.

Clause 17 of the Bill seeks to amend section 72A of the Income-tax Act which relates to carry forward and set off of accumulated loss and unabsorbed depreciation allowance in amalgamation or demerger, etc.

The provisions contained in sub-section (1) of the said section provide that where there has been an amalgamation of a company owning an industrial undertaking or a ship or a hotel with another company or an amalgamation of a banking company referred to in clause (c) of section 5 of the Banking Regulation Act, 1949 with a specified bank, then, notwithstanding anything contained in any other provision of the Income-tax Act, the accumulated loss and the unabsorbed depreciation of the amalgamating company shall be deemed to be the loss or, as the case may be, allowance for an unabsorbed depreciation of the amalgamated company for the previous year in which the amalgamation was effected, and the other provisions of the Income-tax Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly.

It is proposed to substitute sub-section (1) of the said section so as to include amalgamation of one or more public sector company or companies engaged in the business of operation of aircraft with one or more public sector company or companies engaged in similar business also.

This amendment will take effect from 1st April, 2008 and will, accordingly, apply in relation to the assessment year 2008-09 and subsequent years.

Clause 18 of the Bill seeks to amend section 80AC of the Income-tax Act which relates to deduction not to be allowed unless return furnished.

Section 80AC of the Income-tax Act provides that no deduction is admissible for any assessment year commencing on the 1st April, 2006 or any subsequent assessment year under section 80-IA or section 80-IAB or section 80-IB or section 80-IC, unless the assessee furnishes a return of his income for such assessment year on or before the due date specified under sub-section (1) of section 139 of the Income-tax Act.

The proposed amendment seeks to provide that deduction under the proposed section 80-ID shall also not be admissible unless the assessee furnishes a return of his income for such assessment year on or before the due date specified under sub-section (1) of section 139 of the Income-tax Act.

This amendment will take effect from 1st April, 2008 and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent years.

Clause 19 of the Bill seeks to amend section 80CCD of the Income-tax Act which relates to allowing deduction in respect of contribution to pension scheme of the Central Government.

Sub-section (1) of the said section provides that where an assessee, being an individual employed by the Central Government on or after the 1st day of January, 2004, has in the previous year paid or deposited any amount in his account under the pension scheme, he shall be allowed a deduction in the computation of his total income, of the whole of the amount so paid or deposited as does not exceed ten per cent. of his salary in the previous year.

Sub-section (2) of the said section provides that where in the case of an assessee, the Central Government makes any contribution to his account under the said pension scheme, he shall be allowed a deduction in the computation of his total income, of the whole of the amount contributed by the Central Government as does not exceed ten per cent. of his salary in the previous year.

It is proposed to amend sub-section (1) and sub-section (2) with a view to extend the provisions of section 80CCD to an individual assessee employed by any other employer on or after the 1st January, 2004.

This amendment will take effect retrospectively from the 1st April, 2004 and will, accordingly, apply in relation to the assessment year 2004-2005 and subsequent years.

Clause 20 of the Bill seeks to amend section 80D of the Income-tax Act which relates to deduction in respect of medical insurance premia.

Sub-section (1) of section 80D provides that in computing the total income of an assessee being an individual or a Hindu undivided family, the sum paid by cheque to effect or to keep in force an insurance on the health of the assessee or on the health of any member of the family, shall be deducted, provided such sum does not exceed ten thousand rupees. In the case of senior citizens, the deduction of fifteen thousand rupees is available.

It is proposed to provide that sum referred to in the said section can be paid by any mode other than cash.

It is also proposed to increase the maximum amount allowable under the said section, from rupees ten thousand to rupees fifteen thousand. In the case of senior citizens, it is proposed to increase the limit from rupees fifteen thousand to rupees twenty thousand.

These amendments will take effect from 1st April, 2008 and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent years.

Clause 21 of the Bill seeks to amend section 80E of the Income-tax Act relating to deduction in respect of interest on loan taken for higher education.

In accordance with the provisions of sub-section (1) of the said section, a deduction is allowed to an individual, of any amount paid in the previous year, out of his income chargeable to tax, by way of interest on loan taken by him from any financial institution or any approved charitable institution for pursuing his higher education.

Sub-section (2) of the said section provides that the deduction is available for eight assessment years beginning from the assessment year in which the assessee starts paying the interest on the loan.

The proposed amendment seeks to extend the deduction available under the said section to an individual for the payment made by way of interest on loan taken by him for higher education of his relative.

Consequently, it is proposed to define the term "relative" for the purposes of the said section so as to mean spouse and children.

This amendment will take effect from the 1st April, 2008 and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent years.

Clause 22 of the Bill seeks to amend section 80-IA of the Income-tax Act which relates to deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development, etc.

Sub-section (2) of the said section provides that the deduction may be claimed by an assessee for any ten consecutive assessment years out of fifteen years beginning from the year in which the undertaking or the enterprise develops and begins to operate any infrastructure facility or starts providing telecommunication service or develops an industrial park or a special economic zone, generates power or commences transmission or distribution of power or undertakes substantial renovation and modernization of the existing transmission or distribution lines.

It is proposed to amend the said sub-section so as to provide that the assessee may also claim deduction for ten out of fifteen years beginning from the year in which an undertaking lays and begins to operate a cross-country natural gas distribution network.

Sub-section (3) of the aforesaid section provides that the undertaking engaged in generation or distribution or transmission of power or undertaking engaged in providing telecommunication services and formed by way of reconstruction or splitting up or by transfer to a new business of old plant and machinery shall not be eligible for deduction under the said section.

It is proposed to apply these conditions to the undertaking engaged in laying and operating across-country natural gas distribution network also.

Sub-section (4) of the said section specifies the activities eligible for deduction which, *inter alia*, include infrastructure facility, generation, transmission or distribution of power, etc. Explanation to clause (i) of sub-section (4) of the said section defines the expression "infrastructure facility".

It is proposed to expand the scope of the expression "infrastructure facility" so as to include a navigational channel in the sea also.

Clause (v) of said sub-section (4), *inter alia*, provides that an undertaking owned by an Indian company and set up for reconstruction or revival of a power generating plant is eligible for ten years tax benefit if it begins to generate or transmit or distribute power before the 31st March, 2007.

It is proposed to amend sub-clause (b) of clause (v) of the said sub-section (4) so as to extend the date to begin generation, transmission or distribution of power by one more year i.e., before 31st March, 2008.

It is also proposed to insert a new clause (vi) in the said sub-section (4) of section 80-IA so as to provide that any undertaking carrying on the business of laying and operating a cross-country natural gas distribution network, including pipelines and storage facilities being an integral part of the network, shall be eligible for deduction under the said section if it is owned by a company registered in India or by a consortium of such companies or by an authority or a board or a corporation established or constituted under any Central or State Act; has been approved by the Petroleum and Natural Gas Regulatory Board established under sub-section (1) of section 3 of the Petroleum and Natural Gas Regulatory Board Act, 2006 and notified by the Central Government in the Official Gazette; one-third of its total pipeline capacity is available for use on common carrier basis by any person other than the assessee or an associated person; it has started or starts functioning on or after 1st April, 2007 and fulfils any other condition which may be prescribed.

It is proposed to define the expression "associated person" for the purposes of the proposed clause (vi).

The provisions contained in sub-section (12) of the said section, *inter alia*, provides that where any undertaking of an Indian company which is entitled to the deduction under the said section is transferred before the expiry of the period specified therein, to another Indian company in a scheme of amalgamation or demerger, the deductions to the extent and in the manner specified therein shall be available to the amalgamated or the resulting company.

It is proposed to insert sub-section (12A) so as to provide that nothing contained in sub-section (12) shall apply to any undertaking or enterprise which is transferred in a scheme of amalgamation or demerger on or after the 1st day of April, 2007.

These amendments will take effect from 1st April, 2008 and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent years.

It is also proposed to insert an Explanation to section 80-IA so as to clarify that nothing contained in the said section shall apply to a person who executes a works contract entered into with the undertaking or enterprise, as the case may be.

This amendment will take effect retrospectively from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 23 of the Bill seeks to amend section 80-IB of the Income-tax Act which relates to deductions in respect of profits and gains from certain industrial undertakings other than infrastructure development undertakings.

Sub-section (4) of the said section, *inter alia*, provides that the amount of deduction in the case of an industrial undertaking engaged in manufacture or production of articles or things or operating its cold storage plant or plants during the period beginning on the 1st day of April, 1993 and ending on the 31st day of March, 2007 in the State of Jammu and

Kashmir shall be hundred per cent. of the profits and gains derived from such industrial undertaking for five assessment years and thereafter twenty-five per cent. (or thirty per cent. in the case of a company) for the next five assessment years.

It is proposed to amend the fourth proviso to the said sub-section so as to extend the said period up to 31st March, 2012 for setting up industrial undertakings in the State of Jammu and Kashmir and for commencement of manufacture or production of articles or things or operation of a cold storage plant.

This amendment will take effect from the 1st day of April, 2008 and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent years.

Clause 24 of the Bill seeks to insert a new section 80-ID in the Income-tax Act relating to deduction in respect of profits and gains from business of hotels and convention centres in specified area.

Sub-section (1) of the proposed new section 80-ID seeks to provide that where the gross total income of an assessee includes any profits and gains derived by an undertaking from any business referred to in sub-section (2) (such business being hereinafter referred to as the 'eligible business'), there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to hundred per cent. of the profits and gains derived from such business for five consecutive assessment years beginning from the initial assessment year.

The proposed sub-section (2) provides that the said section applies to any undertaking engaged in the business of hotel located in the specified area, if such hotel is constructed and has started or starts functioning at any time during the period beginning on 1st April, 2007 and ending on 31st March, 2010 or engaged in the business of building, owning and operating a convention centre, located in the specified area, if such convention centre is constructed at any time during the period beginning on 1st April, 2007 and ending on 31st March, 2010.

The proposed sub-section (3) specifies the conditions to be fulfilled by the undertaking for the purpose of deduction under the proposed new section.

The proposed sub-section (4) provides that notwithstanding anything contained in any other provision of this Act, in computing the total income of the assessee, no deduction shall be allowed under any other section contained in Chapter VIA or in section 10AA, in relation to the profits and gains of the undertaking.

The proposed sub-section (5) provides that the provisions contained in sub-section (5) and sub-sections (8) to (11) of section 80-IA shall, so far as may be, apply to the eligible business under this section.

The proposed sub-section (6) defines the expressions "convention centre", "hotel", "initial assessment year" and "specified area".

These amendments will take effect from 1st April, 2008 and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent years.

Clause 25 of the Bill seeks to amend section 92CA of the Income-tax Act relating to reference to Transfer Pricing Officer.

Under the existing provisions contained in sub-section (3) of section 92CA, there is no time limit for making the order of determination of arm's length price of an international transaction by a Transfer Pricing Officer.

It is proposed to insert a new sub-section (3A) in the said section so as to provide that an order under sub-section (3) of the said section by a Transfer Pricing Officer for determination of arm's length price of international transactions shall be made at least two months before the period of limitation referred to in section 153 or section 153B, as the case may be, for making the order of assessment or reassessment or recomputation, or fresh assessment

expires. This time limitation shall also be applicable in cases where a reference was made to the Transfer Pricing Officer before 1st June, 2007 for determining arm's length price of an international transaction but an order under sub-section (3) of the said section has not been passed by him before the said date.

The provisions of sub-section (4) of the said section provides that on receipt of the order under sub-section (3), the Assessing officer shall proceed to compute the total income of the assessee under sub-section (4) of section 92C having regard to the arm's length price determined under sub-section (3) by the Transfer Pricing Officer.

It is proposed to amend the said sub-section (4) of section 92CA so as to provide that, on receipt of the order under sub-section (3), the Assessing Officer shall proceed to compute the total income of the assessee under sub-section (4) of section 92C in conformity with the arm's length price determined under sub-section (3) of section 92CA by the Transfer Pricing Officer.

These amendments will take effect from 1st June, 2007.

Clause 26 of the Bill seeks to amend section 115JB of the Income-tax Act which relates to special provision for payment of tax by certain companies.

The said section provides that in the case of a company, if the tax payable on the total income, as computed under the Income-tax Act in respect of any previous year relevant to the assessment year commencing on or after the 1st April, 2007, is less than ten per cent. of its book profit, such book profit shall be deemed to be the total income of the assessee and the tax payable for the relevant previous year shall be ten per cent. of such book profit. Sub-section (2) deals with the preparation of profit and loss account. As per the Explanation after sub-section (2), the expression "book profit" means the net profit as shown in the profit and loss account prepared in accordance with the provisions of Parts II and III of Schedule VI to the Companies Act, 1956 as increased or reduced by certain adjustments, as specified in that section. The aforesaid Explanation, *inter alia*, provides that the book profit shall be increased by the amount or amounts of expenditure relatable to any income referred to in section 10A or section 10B if such amount is debited to the profit and loss account and it shall be reduced by the amount of income referred to in those sections if any such amount is credited to the profit and loss account.

It is proposed to amend the provisions of section 115JB so as to provide that any income to which the provisions of section 10A or 10B apply, shall be included in the book profit for the purposes of section 115JB and shall consequently be liable to levy of MAT.

Accordingly, it is proposed to amend clause (f) of the Explanation after sub-section (2) of section 115JB to provide that the book profit shall not be increased by the amount or amounts of expenditure relatable to any income to which section 10A or section 10B applies.

It is further proposed to amend clause (ii) of the said Explanation so as to provide that the amount of income to which any of the provisions of section 10A or section 10B apply, shall not be reduced from the book profit for the purposes of calculation of income-tax payable under the aforesaid section.

These amendments will take effect from 1st April, 2008 and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent years.

Clause 27 of the Bill seeks to amend section 115-O of the Income-tax Act which relates to tax on distributed profits of domestic companies.

Sub-section (1) of the said section, *inter alia*, provides that any amount declared, distributed or paid by a domestic company by way of dividends (whether interim or otherwise) on or after the 1st day of April, 2003, whether out of current or accumulated profits, shall be charged to additional income-tax (also called "tax on distributed profits") at the rate of twelve and one-half per cent.

It is proposed to amend the said sub-section so as to increase the rate of such tax on distributed profits from twelve and one-half per cent. to fifteen per cent.

This amendment will take effect from the 1st day of April, 2007.

Clause 28 of the Bill seeks to amend section 115R of the Income-tax Act which relates to tax on distributed income to unit holders.

Sub-section (2) of section 115R, *inter alia,* provides that any amount of income distributed by the specified company or a Mutual Fund to its unit holders shall be chargeable to tax and such specified company or Mutual Fund shall be liable to pay additional income-tax on such distributed income at the rate of twelve and one-half per cent. on income distributed to any person being an individual or a Hindu undivided family and twenty per cent. on income distributed to any other person.

It is proposed to amend the said sub-section so as to also provide that where the income is distributed by a money market mutual fund or a liquid fund, such fund shall be liable to pay additional income-tax on such distributed income at the rate of twenty-five per cent. The existing rates of tax on income distributed by a fund other than a money market mutual fund or a liquid fund shall remain the same.

This amendment will take effect from the 1st day of April, 2007.

Clause 29 of the Bill seeks to amend the *Explanation* to Chapter XII-E of the Income-tax Act relating to tax on distributed income to unit holders.

It is proposed to insert a new clause (d) in the said Explanation so as to define "money market mutual fund" to mean a money market mutual fund as defined in sub-clause (p) of clause 2 of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. It is also proposed to insert a new clause (e) in the said Explanation so as to define "liquid fund" to mean a scheme or plan of a mutual fund which is classified by the Securities and Exchange Board of India as a liquid fund in accordance with the guidelines issued by it in this behalf under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder.

This amendment will take effect from the 1st April, 2007.

Clause 30 of the Bill seeks to amend section 115WB of the Income-tax Act which defines fringe benefits.

Sub-section (1) of the said section provides that "fringe benefits", *inter alia,* means any privilege, service, facility or amenity, any free or concessional ticket provided by the employer for private journeys of his employees or their family members and any contribution by the employer to an approved superannuation fund for employees.

It is proposed to insert a new clause (d) in sub-section (1) so as to include any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer free of cost or at concessional rate to his employees (including former employee or employees), within the ambit of "fringe benefits".

It is also proposed to define the expressions "specified security" and "sweat equity shares" for the purposes of the proposed clause (d).

Sub-section (2) of the said section provides that the fringe benefits shall be deemed to have been provided by the employer to his employees, if the employer has in the course of his business or profession, incurred any expense on, or made any payment for, the purposes of entertainment, hospitality, conference, sales promotion including publicity, etc.

Proviso to clause (D) of sub-section (2) excludes certain expenditure on advertisement from sales promotion including publicity. Clause (v) of the said proviso excludes expenditure on certain items of advertisement. It is proposed to expand the scope of this clause so as to include expenditure made on display of products within its ambit. Similarly Clause (vii) of the said proviso excludes only the expenditure on distribution of free samples of medicines or of

medical equipment to doctors. It is, now, proposed to extend the benefit of this clause to expenditure on distribution of samples of any items either free of cost or at a concessional rate to any person including doctors.

This amendment will take effect from 1st April, 2008 and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent years.

Clause 31 of the Bill seeks to amend section 115WC of the Income-tax Act which relates to value of fringe benefits.

Sub-section (1) of the said section provides for the valuation of the fringe benefits.

It is proposed to insert a new clause (ba) in sub-section (1) of the said section so as to provide that the fair market value of the specified security or sweat equity shares referred to in clause (d) of sub-section (1) of section 115WB, on the date of exercise of the option by the employee as reduced by the amount actually paid by, or recovered from the employee in respect of such security or shares, shall be the value of fringe benefit referred to in the proposed clause (d) of sub-section (1) of section 115WB.

It is also proposed to define the expression "fair market value" to mean the value determined in accordance with the method as may be prescribed by the Board.

This amendment will take effect from 1st April, 2008 and will, accordingly, apply in relation to the assessment year 2008-2009 and subsequent years.

Clause 32 of the Bill seeks to amend section 115WJ of the Income-tax Act relating to advance tax in respect of fringe benefits.

Sub-section (2) of section 115WC provides that the amount of advance tax payable by an assessee in the financial year shall be thirty per cent. of the value of the fringe benefits referred to in section 115WC, paid or payable in each quarter and shall be payable on or before the 15th day of the month following such quarter. However, the advance tax payable for the quarter ending on the 31st March of the financial year shall be payable on or before the 15th day of March of the said financial year.

Sub-section (3) of section 115WJ provides that where an assessee has failed to pay the advance tax in accordance with sub-section (2), he shall be liable to pay simple interest at the rate of one per cent. on the amount by which the advance tax paid falls short of, thirty per cent. of the value of fringe benefits for any quarter, for every month or part of the month for which the shortfall continues.

It is proposed to substitute sub-section (2) of the said section so as to provide that the amount of advance tax on the current fringe benefits shall be payable by all the companies, who are liable to pay the same, in four instalments during each financial year. The companies shall pay not less than fifteen per cent of such advance tax on or before 15th June; forty-five per cent as reduced by the amount paid in earlier instalment on or before 15th September; seventy-five per cent as reduced by the amount paid in earlier instalments on or before 15th December; and the whole amount as reduced by any amount paid in earlier instalments on or before 15th March of the financial year. All assessees (other than companies), who are liable to pay the advance tax on current fringe benefits shall pay the same in three instalments during each financial year. Such assessees shall pay not less than thirty per cent of such advance tax on or before 15th September; sixty per cent as reduced by the amount paid in earlier instalment on or before 15th December; and the whole amount as reduced by any amount paid in earlier instalments on or before 15th March of the financial year.

As a consequence of substitution of sub-section (2), it is also proposed to substitute sub-section (3) of section 115WJ so as to provide that where an assessee has failed to pay the advance tax or there is short payment, he shall be liable to pay simple interest at the rate of one per cent. of the amount by which the advance tax paid falls short of the amount payable by the due date for every month or part of the month for which the shortfall continues.

This amendment will take effect from 1st June, 2007.

Clause 33 of the Bill seeks to amend section 120 of the Income-tax Act which deals with the jurisdiction of income-tax authorities.

It is proposed to amend clause (b) of sub-section (4) of the said Act so as to provide that the powers and functions conferred on or assigned to the Assessing Officer may also be exercised or performed by an Additional Commissioner.

This amendment will take effect retrospectively from 1st June, 1994.

In this said clause amendments are further proposed so as to provide that the powers and functions conferred on or assigned to the Assessing Officer may also be exercised or performed by the Additional Director.

This amendment will take effect retrospectively from 1st October, 1996.

Clause 34 of the Bill seeks to amend section 132B of the Income-tax Act which relates to application of seized or requisitioned assets.

Clause (a) of sub-section (4) of the said section provides for payment of simple interest at the rate of six per cent. per annum by the Central Government on the unadjusted amount of money seized or requisitioned. Now it has been proposed to change the method of calculation of interest on a monthly basis.

The proposed amendment seeks to provide that simple interest at the rate of one-half per cent. is to be calculated for every month or part of a month instead of six per cent. per annum.

This amendment will take effect from the 1st day of April, 2008.

Clause 35 of the Bill seeks to amend section 139 of the Income-tax Act which relates to return of income.

It is proposed to omit the proviso to sub-section (9) to the said section which is occurring at the end in view of the fact that the provisions contained therein are proposed to be covered in the new sections 139C and 139D.

This will take effect retrospectively from 1st June, 2006.

Clause 36 of the Bill seeks to insert new sections 139C and 139D in the Income-tax Act which relates to rule making power of the Board.

It is proposed to insert a new section 139C so as to provide that the Board may make rules providing for a class or classes of persons who may not be required to furnish documents, statements, receipts, certificate, audited reports or any other documents, which are otherwise under any other provisions of this Act, except section 139D, required to be furnished, along with the return but on demand to be produced before the Assessing Officer.

It is further proposed to provide that any rule made under the proviso to sub-section (9) of section 139 as it stood immediately before its omission by the Finance Act, 2007, shall be deemed to have been made under the provisions of new section 139C.

It is also proposed to insert a new section 139D so as to provide that the Board may make rules providing for the class or classes of persons who shall be required to furnish the return of income in electronic form; the form and the manner in which the return of income in electronic form may be furnished; the documents, statements, receipts, certificates or audited reports which may not be furnished along with the return of income in electronic form but shall be produced before the Assessing Officer on demand; the computer resource or the electronic record to which the return of income in electronic form may be transmitted.

Consequentially, it is proposed to insert new clauses (eeba) and (eebb) in sub-section (2) of section 295 which provides for rule making powers of the Board.

These amendments will take retrospective effect from 1st June, 2006.

Clause 37 of the Bill seeks to amend section 142 of the Income-tax Act which relates to enquiry before assessment.

Sub-section (2A) of the said section provides that if, at any stage of the proceedings before him, the Assessing Officer having regard to the nature and complexity of the accounts of the assessee and the interests of the revenue, is of the opinion that it is necessary so to do, he may, with the previous approval of the Chief Commissioner or Commissioner, direct the assessee to get the accounts audited by an accountant, as defined in the Explanation below sub-section (2) of section 288, nominated by the Chief Commissioner or Commissioner in this behalf and to furnish a report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed and such other particulars as the Assessing Officer may require.

It is proposed to amend the said sub-section (2A) by inserting a proviso to provide that the Assessing Officer shall not direct the assessee to get the accounts so audited unless the assessee has been given a reasonable opportunity of being heard.

This amendment will take effect from 1st June, 2007.

Sub-section (2D) of the said section provides that the expenses of, and incidental to, any audit under sub-section (2A) (including the remuneration of the accountant) shall be determined by the Chief Commissioner or Commissioner (which determination shall be final) and paid by the assessee and in default of such payment, shall be recoverable from the assessee in the manner provided in Chapter XVII-D for the recovery of arrears of tax.

It is proposed to insert a proviso to the said sub-section (2D), so as to provide that where any direction is issued on or after 1st June, 2007 under sub-section (2A) by the Assessing Officer to an assessee to get the accounts audited, the expenses of, and incidental to, such audit (including the remuneration of the Accountant) shall be determined by the Chief Commissioner or Commissioner in accordance with such guidelines as may be prescribed and the expenses so determined shall be paid by the Central Government.

This amendment will take effect from 1st June, 2007.

Clause 38 of the Bill seeks to amend section 143 of the Income-tax Act relating to assessment.

The proviso to sub-section (3) of the said section provides, *inter alia,* that in the case of a fund or trust or institution, which is required to furnish the return of income under sub-section (4C) of section 139, no order making an assessment of the total income or loss of such fund or trust or institution shall be made by the Assessing Officer, without giving effect. to the provisions of section 10, unless the Assessing Officer has intimated the Central Government, the contravention of the provisions of sub-clause (iv) or sub-clause (v) of clause (23C) of section 10 and the notification issued in respect of such fund or trust or institution has been rescinded.

Clause 6 of the Bill seeks to amend sub-clauses (iv) and (v) of clause (23C) of section 10 so as to allow exemption to such fund or trust or institution referred to therein, as may be approved by the prescribed authority.

It is proposed to amend sub-clause (ii) of the proviso to sub-section (3) of section 143 so as to include a reference to the withdrawal of approval granted to a fund or trust or institution referred to in sub-clause (iv) or sub-clause (v) of clause (23C) of section 10.

This amendment will take effect from the 1st June, 2007.

Clause 39 of the Bill seeks to amend section 153 of the Income-tax Act relating to time limit for completion of assessment and reassessments.

The provisions of sub-sections (1), (2) and (2A) of the said section provide for time limit for completion of assessment and reassessment of total income by the Assessing Officer.

It is proposed to insert new provisos in sub-sections (1), (2) and (2A) of the said section providing the revised time limits for completion of assessment and reassessment of total income where a reference is made under section 92CA by the Assessing Officer to the Transfer Pricing Officer for determination of arm's length price of international transactions. In such cases, the revised time limit shall be the time limits specified under the aforesaid section as increased by twelve months. The revised time limit shall also be applicable in cases where such reference was made to the Transfer Pricing Officer before 1st June, 2007 but an order has not been passed by him before the said date.

These amendments will take effect from 1st June, 2007.

Clause 40 of the Bill seeks to amend section 153B of the Income-tax Act relating to time limit for completion of assessment under section 153A.

The provisions of sub-section (1) of the said section provide for time limit for completion of assessment and reassessment by the Assessing Officer.

It is proposed to insert new provisos in sub-section (1) to revise the time limits specified in the said section for completion of assessment or reassessment in case of search or requisition and where a reference is made under section 92CA by the Assessing Officer to the Transfer Pricing Officer for determination of arm's length price of international transactions. In such cases, the revised time limit shall be the time limit specified under the aforesaid section as increased by twelve months. The revised time limit shall also be applicable in cases where such reference was made to the Transfer Pricing Officer before 1st June, 2007 but an order has not been passed by him before the said date.

These amendments will take effect from 1st June, 2007.

Clause 41 of the Bill seeks to insert new section 153D in the Income-tax Act relating to prior approval for assessment in cases of search or requistion.

The proposed new section 153D provides that no order of assessment or reassessment shall be passed by an Assessing Officer below the rank of Joint Commissioner in respect of,—

(i) each assessment year falling within six assessment years immediately preceding the assessment year relevant to the previous year in which search is conducted under section 132 or requisition is made under section 132A; and

(ii) the assessment year relevant to the previous year in which search is conducted or requisition is made under the said sections,

except with the previous approval of the Joint Commissioner.

This amendment will take effect from 1st June, 2007.

Clause 42 of the Bill seeks to amend section 172 of the Income-tax Act, which relates to shipping business of non-residents.

The said section does not provide for a time limit for completion of assessment in respect of a return furnished under sub-section (3) thereof.

The proposed amendment seeks to insert a new sub-section (4A) providing that no order assessing the income and determining the sum of tax payable thereon shall be made under the said section after the expiry of nine months from the end of the financial year in which the return under sub-section (3) is furnished.

Further a proviso to the said sub-section is proposed to be inserted so as to provide that where a return under sub-section (3) is furnished before the 1st day of April, 2007, the order assessing the income and determining the sum of tax payable thereon shall be made on or before the 31st December, 2008.

These amendments will take effect from 1st day of April, 2007.

Clause 43 of the Bill seeks to amend section 193 of the Income-tax Act, which relates to deduction of tax at source on interest on securities.

The proviso to the said section excludes, *inter alia,* any interest payable on any security of the Central Government or a State Government from the requirement of deduction of tax at source and consequently, tax is not being deducted on interest payable on 8% Savings (Taxable) Bonds, 2003.

The proposed amendment seeks to provide that the person responsible for paying to a resident any interest on 8% Savings (Taxable) Bonds, 2003 shall deduct income-tax if interest payable on such Bonds exceeds ten thousand rupees during the financial year.

This amendment will take effect from the 1st June, 2007.

Clause 44 of the Bill seeks to amend section 194A of the Income-tax Act, which relates to deduction of tax at source on interest other than "Interest on securities".

Clause (i) of sub-section (3) of the said section provides that deduction of income-tax at source shall not be made in those cases where the amount of income by way of interest does not exceed five thousand rupees.

The proposed amendment seeks to provide that the limit for tax deduction at source for the purpose of said section shall be ten thousand rupees, where the payer is a banking company or a co-operative society engaged in carrying on the business of banking, or interest is payable on any deposit with post office under any scheme framed by the Central Government and notified by it in this behalf, and five thousand rupees in any other case.

This amendment will take effect from the 1st day of June, 2007.

Clause 45 of the Bill seeks to amend section 194C of the Income-tax Act, which relates to deduction of tax at source on payments to contractors and sub-contractors.

Sub-section (1) of the said section does not provide for deduction of tax at source on payments made by an individual or a Hindu undivided family to the contractor.

The proposed amendment seeks to substitute sub-section (1) so as to also include payments made by an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of section 44AB during the financial year immediately preceding financial year in which such sum is credited or paid to the account of the contractor. However, it seeks to exempt deduction of income-tax at source in those cases where payments are made exclusively for personal purposes of such individual or any member of Hindu undivided family.

This amendment will take effect from 1st June, 2007.

Clause 46 of the Bill seeks to amend section 194H of the Income-tax Act which relates to deduction of tax at source on payment of commission or brokerage to a resident.

The said section provides exemption from deduction of tax at source on payment of insurance commission referred to in section 194D. In other cases where tax is required to be deducted at source on payment of commission or brokerage, the rate for such deduction is specified at five per cent.

The amendment seeks to enhance the existing rate of five per cent. for deduction of tax at source to ten per cent. The amendment further seeks to insert a proviso to provide exemption from deduction of tax at source in respect of payments of commission or brokerage payable by Bharat Sanchar Nigam Limited or Mahanagar Telephone Nigam Limited to their public call office franchisees also.

This amendment will take effect from 1st June, 2007.

Clause 47 of the Bill seeks to amend section 194-I of the Income-tax Act, which relates to deduction of tax at source on any income payable by way of rent.

Clauses (a) and (b) of the said section provide for deduction of tax at source on an income by way of rent at the rate of fifteen per cent. where the payee is an individual or a Hindu undivided family and twenty per cent. in other cases. The term "rent" is defined in clause (i) of the Explanation.

The proposed amendment seeks to amend clauses (a) and (b) so that deduction of tax at source on an income by way of rent for the use of machinery, plant and equipment shall be at the rate of ten per cent. and for the use of any other things specified in clause (i) of the Explanation therein, excluding machinery, plant and equipment, at the rate of fifteen per cent. where the payee is an individual or Hindu undivided family and in any other case, twenty per cent.

This amendment will take effect from the 1st June, 2007.

Clause 48 of the Bill seeks to amend section 194J of the Income-tax Act which provides for deduction of tax at source on fees for professional or technical services.

Sub-section (1) of said section lays down that a person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any sum by way of fees for professional, technical services, royalty or sums referred to in clause (va) of section 28 shall deduct an amount equal to five per cent. of such sum as income-tax.

It is proposed to amend the said sub-section (1) so as to enhance the rate for deduction of tax at source to ten per cent.

This amendment will take effect from the 1st June, 2007.

Clause 49 of the Bill seeks to amend section 197A of the Income-tax Act which relates to cases in which no deductions are required to be made.

Sub-section (1C) of the said section contains a reference to section 88B which has been omitted with effect from 1st April, 2006.

The amendment seeks to delete reference to the omitted section 88B from the said sub-section.

This amendment will take effect retrospectively from 1st April, 2006 and will, accordingly, apply in relation to the assessment year 2006-2007 and subsequent years.

Clause 50 of the Bill seeks to amend section 201 of the Income-tax Act which relates to consequences of failure to deduct or pay the tax.

Sub-section (1A) of the said section provides for liability of payment of simple interest at twelve per cent. per annum on the amount of tax not deducted or partly deducted or not paid to the Government account. Now it has been proposed to change the method of calculation of interest on a monthly basis.

The proposed amendment seeks to provide that simple interest at one per cent. is to be calculated for every month or part of a month instead of twelve per cent. per annum.

This amendment will take effect from the 1st April, 2008.

Clause 51 of the Bill seeks to amend section 206A of the Income-tax Act which relates to furnishing of quarterly return in respect of payment of interest to residents without deduction of tax.

Sub-section (1) of the said section requires any banking company or co-operative society or public company responsible for paying to a resident any income not exceeding five thousand rupees by way of interest, other than interest on securities, to prepare quarterly returns and deliver or cause to be delivered the same to the prescribed income-tax authority.

The proposed amendment seeks to conform to the amendment proposed in section 194A in relation to increasing the threshold limit for deduction of tax at source to ten thousand rupees where the payer is a banking company or a co-operative society.

This amendment will take effect from the 1st June, 2007.

Clause 52 of the Bill seeks to amend section 206C of the Income-tax Act which relates to collection of tax at source and profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc.

It is proposed to define "mining and quarrying" referred to in the Table under sub-section (1C) by specifying that the mining and quarrying shall not include mining and quarrying of mineral oil. It has been further clarified that the expression "mineral oil" shall include petroleum and natural gas.

This amendment will take effect from the 1st June, 2007.

Clause 53 of the Bill seeks to amend section 245A of the Income-tax Act relating to definitions under chapter XIX-A.

Clause (b) of the said section provides that the definition of 'case' means any proceeding under this Act for the assessment or reassessment of any person in respect of any year or years, or by way of appeal or revision in connection with such assessment or reassessment, which may be pending before the income-tax authority on the date on which an application under sub-section (1) of section 245C has been made. Where any appeal or application for revision has been preferred after the expiry of the period specified for the filing of such appeal or application for revision under this Act and which has not been admitted, such appeal or revision shall not be deemed to be a proceeding pending within the meaning of this clause.

It is proposed to amend clause (b) of the said section so as to define case as any proceeding for assessment under this Act, of any person in respect of any assessment year or assessment years which may be pending before an Assessing Officer on the date on which an application under sub-section (1) of section 245C is made. It has also been provided therein that- (i) a proceeding of assessment or reassessment or recomputation under section 147; (ii) a proceeding of assessment or reassessment for any of the assessment years referred to in clause (b) of section 153A in case of a person referred to in section 153A or section 153C; (iii) a proceeding of assessment or reassessment for the assessment year referred to in clause (b) of sub-section (1) of section 153B in case of a person referred to in section 153A or section 153C; (iv) a proceeding of making fresh assessment in pursuance of an order under section 254 or section 263 or section 264, setting aside or cancelling an assessment, shall not be a proceeding for assessment for purposes of this clause.

It is further proposed to insert an explanation in the said clause (b) so as to clarify that for the purposes of the said clause; (i) a proceeding of assessment or reassessment or recomputation under section 147 shall be deemed to have commenced from the date on which notice under section 148 is issued; (ii) a proceeding of assessment or reassessment shall be deemed to have commenced on the date of initiation of search under section 132 or making of requisition under section 132A; (iii) a proceeding of making fresh assessment shall be deemed to have commenced from the date on which the order under section 254 or section 263 or section 264, setting aside or cancelling an assessment was passed; (iv) in any other case, a proceeding of assessment for an assessment year, shall be deemed to have commenced from the 1st day of the assessment year and concluded on the date on which the assessment is made.

Under the existing provisions of clause (g) of the said section, 'Vice-Chairman' has been defined to mean a Vice-Chairman of the Settlement Commission.

Sub-clause (b) of the said clause seeks to amend clause (g) of the said section so as to mean Vice-Chairman of the Settlement Commission and includes a Member who is senior amongst the Members of a Bench.

These amendments will take effect from 1st June, 2007.

Clause 54 of the Bill seeks to amend section 245C of the Income-tax Act relating to application for settlement of cases.

Sub-section (1) of section 245C provides that an assessee may, at any stage of a case relating to him, make an application in such form and in such manner as may be prescribed, and containing a full and true disclosure of his income which has not been disclosed before the Assessing Officer, the manner in which such income has been derived, the additional amount of income-tax payable on such income and such other particulars as may be prescribed, to the Settlement Commission to have the case settled. It is provided therein that no such application shall be made unless- (a) the assessee has furnished the return of income which he is or was required to furnish under any of the provisions of this Act; and (b)the additional amount of income-tax payable on the income disclosed in the application exceeds one hundred thousand rupees.

Sub-clause (i) of the said clause seeks to substitute the proviso to the said sub-section (1) so as to provide that no such application shall be made unless-(i) the additional amount of income-tax payable on the income disclosed in the application exceeds three lakh rupees ; and (ii) such tax and the interest which would have been paid under the provisions of this Act had the income disclosed in the application been declared in the return of income before the Assessing Officer on the date of application, has been paid on or before the date of making the application and the proof of such payment is attached with the application.

Sub-section (1A) of section 245C provides that for the purposes of sub-section (1) of this section and sub-sections (2A) to (2D) of section 245D, the additional amount of income-tax payable in respect of the income disclosed in an application made under sub-section (1) of this section shall be the amount calculated in accordance with the provisions of sub-sections (1B) to (1D).

Sub-clause (ii) of the said clause seeks to amend the said sub-section (1A), so as to omit the reference to sub-sections (2A) to (2D) of section 245 D.

Under the existing provisions of sub-section (1B) of section 245C, the manner of calculation of additional amount of income-tax payable in respect of the income disclosed in the application has been provided. Under the said sub-section, where the income disclosed in the application relates to only one previous year, then- (i)if the applicant has not furnished a return in respect of the total income of that year, irrespective of whether an assessment has been made in respect of the total income of that year, then, except in a case covered by clause (iii), tax shall be calculated on the income disclosed in the application; (ii) if the applicant has furnished a return in respect of the total income of that year, irrespective of whether or not an assessment has been made in pursuance of such return, tax shall be calculated on the aggregate of the total income returned and the income disclosed in the application; (iii) if the proceeding pending before the income-tax authority is in the nature of a proceeding for reassessment of the applicant under section 147 or by way of appeal or revision in connection with such reassessment, and the applicant has not furnished a return in respect of the total income of that year in the course of such proceeding for reassessment, tax shall be calculated on the aggregate of the total income as assessed in the earlier proceeding for assessment under section 143 or section 144 or section 147 and the income disclosed in the application.

Sub-clause (iii) of the said clause seeks to amend the said sub-section (1B) so as to provide that where the income disclosed in the application relates to only one previous year, then- (i) if the applicant has not furnished a return in respect of the total income of that year, then, tax shall be calculated on the income disclosed in the application as if such income were the total income; (ii) if the applicant has furnished a return in respect of the total income of that year, tax shall be calculated on the aggregate of the total income returned and the income disclosed in the application as if such aggregate were the total income.

Under the existing provisions of sub-section (1C) of section 245C, the additional amount of income-tax payable in respect of the income disclosed in the application relating to the previous year referred to in sub-section (1B) shall be- (a) in a case referred to in clause (i) of

that sub-section, the amount of tax calculated under that clause; (b) in a case referred to in clause (ii) of that sub-section, the amount of tax calculated under that clause as reduced by the amount of tax calculated on the total income returned for that year; (c) in a case referred to in clause (iii) of that sub-section, the amount of tax calculated under that clause as reduced by the amount of tax calculated on the total income assessed in the earlier proceeding for assessment under section 143 or section 144 or section 147.

Sub-clause (iv) of the said clause seeks to amend the said sub-section (1C) so as to omit clause (c) in the said sub-section.

Sub-clause (v) of the said clause seeks to insert a new sub-section (4), so as to provide that an assessee shall, on the date on which he makes an application under sub-section (1) to the Settlement Commission, also send a copy of such application to the Assessing Officer.

These amendments will take effect from 1st June, 2007.

Clause 55 of the Bill seeks to amend section 245D of the Income-tax Act relating to procedure on the receipt of application under section 245C.

Under the existing provisions of sub-section (1) of section 245D, it is provided that on receipt of an application under section 245D, the Settlement Commission shall call for a report from the Commissioner and on the basis of the material contained in such report and having regard to the nature and circumstances of the case or the complexity of the investigation involved therein, the Settlement Commission, shall, where it is possible, by order, reject the application or allow the application to be proceeded with within a period of one year from the end of the month in which such application was made under section 245C. It is provided therein that an application shall not be rejected under this sub-section unless an opportunity has been given to the applicant of being heard. It has also been provided that the Commissioner shall furnish the report within a period of forty-five days of the receipt of communication from the Settlement Commission in case of all applications made under section 245 on or after the 1st day of July, 1995 and if the Commissioner fails to furnish the report within the said period, the Settlement Commission may make the order without such report.

Sub-clause (i) of the said clause seeks to amend the said sub-section so as to provide that on receipt of an application under section 245C, the Settlement Commission shall, within seven days from the date of receipt of the application, issue a notice to the applicant to explain as to why the application made by him be allowed to be proceeded with, and on hearing the applicant, the Settlement Commission, shall, within a period of fourteen days from the date of the application, by an order in writing, reject the application or allow the application to be proceeded with. It is also proposed to provide that where no order has been passed within the aforesaid period by the Settlement Commission, the application shall be deemed to have been allowed to be proceeded with.

Under the existing provisions of sub-section (2A) of section 245D, it is provided that subject to the provisions of sub-section (2B), the assessee shall, within thirty-five days of the receipt of a copy of the order under sub-section (1) allowing the application to be proceeded with, pay the additional amount of income-tax payable on the income disclosed in the application and shall furnish proof of such payment to the Settlement Commission.

Sub-clause (ii) of the said clause seeks to amend sub-section (2A) to provide that where an application was made under sub-section (1) of section 245C before the 1st day of June, 2007 but an order under the provisions of sub-section (1) of this section as they stood prior to their amendment by the Finance Act, 2007, has not been made before the 1st day of June, 2007, such application shall be deemed to have been allowed to be proceeded with if the additional tax on the income disclosed in such application and the interest, is, paid on or before the 31st day of July, 2007. It is also proposed to insert an explanation in the said sub-section to provide that- in respect of the applications referred to in this sub-section, the 31st day of July, 2007 shall, for the purposes of sub-section (1), be deemed to be the date of order of rejection or allowing the application to be proceeded with.

Under the existing provisions of sub-section (2B) of section 245D, it is provided that if the Settlement Commission is satisfied, on an application made in this behalf by the assessee, that he is unable for good and sufficient reasons to pay the additional amount of income-tax referred to in sub-section (2A) within the time specified in that sub-section, it may extend the time for payment of the amount which remains unpaid or allow payment thereof by instalments if the assessee furnishes adequate security for the payment thereof.

Sub-clause (ii) of the said clause seeks to amend sub-section (2B) to provide that the Settlement Commission shall- (i) in respect of an application which is allowed to be proceeded with under sub-section (1),within thirty days from the date on which the application was made; or (ii) in respect of an application referred to in sub-section (2A) which is deemed to have been allowed to be proceeded with under that sub-section, on or before the 7th day of August, 2007, call for a report from the Commissioner, and Commissioner shall furnish the report within a period of thirty days of the receipt of communication from the Settlement Commission.

Under the existing provisions of sub-section (2C) of section 245D it is provided that where the additional amount of income-tax is not paid within the time specified under sub-section (2A), then, whether or not the Settlement Commission has extended the time for payment of the amount which remains unpaid or has allowed payment thereof by instalments under sub-section (2B), the assessee shall be liable to pay simple interest at fifteen per cent per annum on the amount remaining unpaid from the date of expiry of the period of thirty-five days referred to in sub-section (2A).

Sub-clause (ii) of the said clause seeks to amend sub-section (2C) to provide that where a report of the Commissioner called for under sub-section (2B) has been furnished within the period specified in that sub-section, the Settlement Commission may, on the basis of the material contained in such report and within a period of fifteen days of the receipt of the report, by an order in writing, declare the application in question as invalid, if necessary, and shall send the copy of such order to the applicant and the Commissioner. It is proposed to provide therein that an application shall not be declared invalid unless an opportunity has been given to the applicant of being heard. It is also proposed to provide that where the Commissioner has not furnished the report within the aforesaid period, the Settlement Commission shall proceed further in the matter without the report of the Commissioner.

Under the existing provisions of sub-section (2D) of section 245D it is provided that where the additional amount of income-tax referred to in sub-section (2A) is not paid by the assessee within the time specified under that sub-section or extended under sub-section (2B), as the case may be, the Settlement Commission may direct that the amount of income-tax remaining unpaid, together with any interest payable thereon under sub-section (2C), be recovered and any penalty for default in making payment of such additional amount may be imposed and recovered, in accordance with the provisions of Chapter XVII, by the Assessing Officer having jurisdiction over the assessee.

Sub-clause (ii) of the said clause seeks to amend sub-section (2D) to provide that where an application was made under sub-section (1) of section 245C before the 1st day of June, 2007 and an order under the provisions of sub-section (1) of this section, as they stood prior to their amendment by the Finance Act, 2007, allowing the application to have been proceeded with has been passed before the 1st day of June, 2007 but an order under sub-section (4) was not passed before the 1st day of June, 2007, such application shall not be allowed to be further proceeded with if the additional tax on the income disclosed in such application and the interest, is, notwithstanding any extension of time granted by the Settlement Commission, not paid on or before the 31st day of July, 2007.

Under the existing provisions of sub-section (3) of section 245D it is provided that where an application is allowed to be proceeded with under sub-section (1), the Settlement Commission may call for the relevant records from the Commissioner and after examination of such records, if the Settlement Commission is of the opinion that any further enquiry or

investigation in the matter is necessary, it may direct the Commissioner to make or cause to be made such further enquiry or investigation and furnish a report on the matters covered by the application and any other matter relating to the case.

Sub-clause (iii) of the said clause seeks to amend sub-section (3) to provide that the Settlement Commission in respect of – (i) an application which has not been declared invalid under sub-section (2C); or (ii)an application referred to in sub-section (2D),which has been allowed to be further proceeded with under that sub-section, may call for the records from the Commissioner and after examination of such records, if the Settlement Commission is of the opinion that any further enquiry or investigation in the matter is necessary, it may direct the Commissioner to make or cause to be made such further enquiry or investigation and furnish a report on the matters covered by the application and any other matter relating to the case, and the Commissioner shall furnish the report within a period of ninety days of the receipt of communication from the Settlement Commission. It is also proposed to provide therein that where the Commissioner does not furnish his report within the aforesaid period, the Settlement Commission may proceed to pass an order under sub-section (4) without such report.

Under the existing provisions of sub-section (4) of section 245D it is provided that after examination of the records and the report of the Commissioner received under sub-section (1), and the report, if any, of the Commissioner received under sub-section (3), and after giving an opportunity to the applicant and to the Commissioner to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Commission may, in accordance with the provisions of this Act, pass such order as it thinks fit on the matters covered by the application and any other matter relating to the case not covered by the application, but referred to in the report of the Commissioner under sub-section (1) or sub-section (3).

Sub-clause (iii) of the said clause seeks to amend sub-section (4) of the said section to provide that after examination of the record and the report of the Commissioner, if any, furnished under - (i) sub-section (2B) or sub-section (3), or (ii) the provisions of sub-section (1) as they stood prior to their amendment by the Finance Act, 2007, and after giving an opportunity to the applicant and to the Commissioner to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Commission may, in accordance with the provisions of this Act, pass such order as it thinks fit on the matters covered by the application and any other matter relating to the case not covered by the applicant, but referred to in the report of the Commissioner.

Under the existing provisions of sub-section (4A) of section 245D it is provided that in every application allowed to be proceeded with under sub-section (1), the Settlement Commission shall, where it is possible, pass an order under sub-section (4) within a period of four years from the end of the financial year in which such application was allowed to be proceeded with.

Sub-clause (iii) of the said clause seeks to amend sub-section (4A) of the said section to provide that the Settlement Commission shall pass an order under sub-section (4) - (i) in respect of an application referred to in sub-section (2A) or sub-section (2D) , on or before the 31st day of March, 2008; (ii) in respect of an application made on or after 1st day of June, 2007, within nine months from the end of the month in which the application was made.

These amendments will take effect from 1st June, 2007.

Sub-section (6A) of the said section provides for liability of the assessee to pay simple interest at fifteen per cent. per annum on the amount remaining unpaid. It is proposed to change the method of calculation of interest on a monthly basis.

Sub-clause (iv) of the said clause seeks to provide that simple interest at the rate of one and one-fourth per cent. is to be calculated for every month or part of a month instead of fifteen per cent. per annum.

This amendment will take effect from the 1st day of April, 2008.

Clause 56 of the Bill seeks to amend section 245DD of the Income-tax Act relating to power of the Settlement Commission to order provisional attachment to protect revenue.

Under the existing provisions of sub-section (2) of section 245DD, it is provided that every provisional attachment made by the Settlement Commission under sub-section (1) shall cease to have effect after the expiry of a period of six months from the date of the order made under sub-section (1).

It has also been provided therein that the Settlement Commission may, for reasons to be recorded in writing, extend the aforesaid period by such further period or periods as it thinks fit, so, however, that the total period of extension shall not in any case exceed two years.

It is proposed to amend the said sub-section so as to omit the condition that the total period of extension shall not in any case exceed two years. This amendment is of consequential in nature.

This amendment will take effect from 1st June, 2007.

Clause 57 of the Bill seeks to amend section 245E of the Income-tax Act relating to power of the Settlement Commission to reopen completed proceedings.

Under the existing provisions of the said section, it is provided that if the Settlement Commission is of the opinion that, for the proper disposal of the case pending before it, it is necessary or expedient to reopen any proceeding connected with the case but which has been completed under this Act by any income-tax authority before the application under section 245C was made, it may, with the concurrence of the applicant, reopen such proceeding and pass such order thereon as it thinks fit, as if the case in relation to which the application for settlement had been made by the applicant under that section covered such proceeding also. It has also been provided therein that no proceeding shall be reopened by the Settlement Commission under this section if the period between the end of the assessment year to which such a proceeding relates and the date of application for settlement under section 245C exceeds nine years.

It is proposed to amend the said section so as to provide that the provisions of this section shall not be applicable in respect of a case, where an application is made on or after 1st June, 2007.

This amendment will take effect from 1st June, 2007.

Clause 58 of the Bill seeks to amend section 245F of the Income-tax Act relating to power and procedure of the Settlement Commission.

Under the existing provisions of sub-section (2) of section 245F, it is provided that where an application made under section 245C has been allowed to be proceeded with under section 245D, the Settlement Commission shall, until an order is passed under sub-section (4) of section 245D, have, subject to the provisions of sub-section (3) of that section, exclusive jurisdiction to exercise the powers and perform the functions of an income-tax authority under this Act in relation to the case.

It is proposed to amend the said sub-section by inserting a proviso so as to provide that where an application has been made under section 245C on or after the 1st day of June, 2007, the Settlement Commission shall have such exclusive jurisdiction from the date on which the application was made. It also proposed to provide in the said sub-section that where- (i) an application made on or after the 1st day of June, 2007, is rejected under sub-section (1) of section 245D; or (ii) an application, is not allowed to be proceeded with under the said sub-section (2A) of section 245D, or, as the case may be, is declared invalid under sub-section (2B) of that section; or (iii) an application is not allowed to be further proceeded with under sub-section (2D) of section 245D, the Settlement Commission, in respect of such

application shall have such exclusive jurisdiction up to the date on which the application is rejected, or, not allowed to be proceeded with, or, declared invalid, or, not allowed to be further proceeded with as the case may be.

This amendment will take effect from 1st June, 2007.

Clause 59 of the Bill seeks to amend section 245H of the Income-tax Act relating to power of the Settlement Commission to grant immunity from prosecution and penalty.

Under the existing provisions of sub-section (1) of section 245H, it is provided that the Settlement Commission may, if it is satisfied that any person who made the application for settlement under section 245C has co-operated with the Settlement Commission in the proceedings before it and has made a full and true disclosure of his income and the manner in which such income has been derived, grant to such person, subject to such conditions as it may think fit to impose, immunity from prosecution for any offence under this Act or under the Indian Penal Code or under any other Central Act for the time being in force and also from the imposition of any penalty under this Act, with respect to the case covered by the settlement. It has also been provided therein that no such immunity shall be granted by the Settlement Commission in cases where the proceedings for the prosecution for any such offence have been instituted before the date of receipt of the application under section 245C.

It is proposed to amend the said sub-section by inserting a second proviso so as to provide that the Settlement Commission shall not grant immunity from prosecution for any offence under the Indian Penal Code or under any Central Act other than Income-tax Act and the Wealth-tax Act, to a person who made an application for settlement under section 245C on or after the 1st day of June, 2007.

This amendment will take effect from 1st June, 2007.

Clause 60 of the Bill seeks to insert a new section 245HA in the Income-tax Act relating to abatement of proceedings relating to the Settlement Commission.

It is proposed to provide in sub-section (1) of the said section that where - (i) an application made under section 245-C on or after the 1st day of June, 2007 has been rejected under sub-section (1) of section 245D; or (ii) an application made under section 245C has not been allowed to be further proceeded with under sub-section (2A) or under sub-section (2D) of section 245D; or (iii) an application made under section 245C has been declared as invalid under sub-section (2C) of section 245D; or (iv) in respect of any other application made under section 245C, an order under sub-section (4) of section 245D has not been passed within the time specified under sub-section (4A) of section 245D, the proceedings before the Settlement Commission shall abate on the specified date. It also proposes to insert an Explanation so as to clarify the meaning of "specified date". For the purpose of this sub-section, "specified date" means- (a) in respect of an application referred to in clause (i), the day on which the application was rejected; (b) in respect of application referred to in clause (ii), the 31st day of July, 2007; (c) in respect of application referred to in clause (iii), the last day of the month in which the application was declared invalid; (d) in respect of application referred to in clause(iv), on the date on which the time specified in sub-section (4A) expires.

It is further proposed to provide in sub-section (2) of the new section, that where a proceeding before the Settlement Commission abates, the Assessing Officer shall dispose of the case in accordance with the provisions of this Act as if no application under section 245C had been made.

It is also proposed to provide in sub-section (3) of the new section, that for the purposes of sub-section (2), the Assessing Officer shall be entitled to use all the material and other information produced by the assessee before the Settlement Commission or the results of the inquiry held or evidence recorded by the Settlement Commission in the course of the proceedings before it as if such material, information, inquiry and evidence had been produced before the Assessing Officer or held or recorded by him in the course of the proceedings before him.

It is also proposed to provide that in sub-section (4) of said section that for the purposes of the time-limit under sections 149, 153,153B, 154, 155,158BE and 231 and for the purposes of payment of interest under sections 243 or section 244 or, as the case may be, section 244A, for making the assessment or reassessment under sub-section (2), the period commencing on and from the date of the application to the Settlement Commission under section 245C and ending with "specified date" referred to in sub-section (1) shall be excluded; and where the assessee is a firm, for the purposes of the time-limit for cancellation of registration of the firm under sub-section (2) of section 186, the period aforesaid shall, likewise, be excluded.

These amendments will take effect from 1st June, 2007.

It also seeks to insert a new section 245HAA in the Income-tax Act relating to credit for the tax paid in case of abatement of proceedings.

It is proposed to provide in the said section that where an application made under section 245C is rejected under sub-section (1) of section 245D or is not allowed to be proceeded with under sub-section (2A) of section 245D or is declared invalid under sub-section (2C) of section 245D or has not been allowed to be further proceeded with under sub-section (2D) of section 245D or an order under section (4) of section 245D has not been passed before the time provided under sub-section (4A) of section 245D, the Assessing Officer shall, in making the assessment, or, as the case may be, completing the proceedings in accordance with the provisions of section 245HA, allow the credit for the tax and interest paid before making the application or during the pendency of the case before the Settlement Commission.

This amendment will take effect from 1st June, 2007.

Clause 61 of the Bill seeks to amend section 245K of the Income-tax Act relating to bar on subsequent application for settlement in certain cases.

Under the existing provisions of the said section, it is provided that where— (i) an order of settlement passed under sub-section (4) of section 245D provides for the imposition of a penalty on the person who makes the application under section 245C for settlement, on the ground of concealment of particulars of his income; or (ii)after the passing of an order of settlement under the said sub-section (4) in relation to a case, such person is convicted of any offence under Chapter XXII in relation to that case; or (iii) the case of such person is sent back to the Assessing Officer by the Settlement Commission under section 245HA, then, he shall not be entitled to apply for settlement under section 245C in relation to any other matter.

It is proposed to amend the said section by substituting the existing clauses with new sub-sections (1) and (2) thereto. The proposed new sub-section (1) provides that where— (i) an order of settlement passed under sub-section (4) of section 245D provides for the imposition of a penalty on the person who makes the application under section 245C for settlement, on the ground of concealment of particulars of his income; or (ii) after the passing of an order of settlement under the said sub-section (4) in relation to a case, such person is convicted of any offence under Chapter XXII in relation to that case, or (iii) the case of such person was sent back to the Assessing Officer by the Settlement Commission on or before the 1st day of June, 2002, then, he shall not be entitled to apply for settlement under section 245C in relation to any other matter.

The proposed sub-section (2) provides that where a person has made an application under section 245C on or after the 1st June, 2007 and if such application has been allowed to be proceeded with under sub-section (1) of section 245D, such person shall not be subsequently entitled to make an application under section 245C.

These amendments will take effect from 1st June, 2007.

Clause 62 of the Bill seeks to amend section 246A of the Income-tax Act which relates to appealable orders before the Commissioner (Appeals).

It is proposed to insert a new clause (hb) in sub-section (1) of the said section to provide that a person deemed to be an assessee in default for not collecting the whole or any part of tax or after collecting the tax, failing to pay the same, may appeal before the Commissioner (Appeals).

It is further proposed to provide a reference to the order under section 271AAA in sub-clause (B) of clause (j) of sub-section (1) of the said section, so as to also provide an appeal against the order imposing a penalty under section 271AAA before the Commissioner (Appeals). This amendment is consequential in nature.

It is also proposed to insert a new sub-section (1B) to provide that an appeal filed by an assessee in default against an order made under sub-section (6A) of section 206C on or after 1st day of April, 2007 but before 1st day of June, 2007 shall be deemed to have been filed before the Commissioner (Appeals).

These amendments will take effect from 1st June, 2007.

Clause 63 of the Bill seeks to substitute section 248 of the Income-tax Act relating to provision of appeal by a person denying liability to deduct tax.

The provisions of section 248 lay down that where any person has deducted and paid tax in accordance with the provisions of sections 195 and 200 in respect of any sum chargeable under this Act, other than interest and who denies his liability to make such deductions, may make an appeal to the Commissioner (Appeals) to be declared not liable to make such deductions. In such situation, claim of refund of tax deducted and paid, may be, by deductee as well as deductor.

It is proposed to substitute section 248 so as to provide that where under an agreement or other arrangement, the tax deductible on any income, other than interest, under section 195 is to be borne by the person by whom the income is payable, and such person having paid such tax to the credit of the Central Government, claims that no tax was required to be deducted on such income, he may appeal to the Commissioner (Appeals) for a declaration that no tax was deductible on such income.

It is therefore proposed to amend clause (a) of sub-section (2) of section 249 providing that where the appeal is under section 248, the prescribed time shall be counted from the date of payment of tax.

This amendment is consequential in nature and will take effect from 1st June, 2007.

Clause 64 of the Bill seeks to amend section 249 of the Income-tax Act relating to form of appeal and limitation.

Sub-section (2) of section 249 provides for the dates from which thirty days for filing appeal shall be counted indifferent situations. The provisions of clause (a) of sub-section (2) provide that where the appeal relates to any tax deducted under sub-section (1) of section 195, thirty days for filing appeal shall be counted from the date of payment of the tax.

The provisions of section 248 lay down that where any person has deducted and paid tax in accordance with the provisions of sections 195 and 200 in respect of any sum chargeable under this Act, other than interest and who denies his liability to make such deductions, may make an appeal to the Commissioner (Appeals) to be declared not liable to make such deductions. In such situation, claim of refund of tax deducted and paid, may be, by deductee as well as deductor.

It also proposes to substitute section 248 of the Income-tax Act providing for an appeal by a person referred to in section 195A, who is required to pay the tax in India on income of the non-resident under 'net of tax' arrangement be allowed to file an appeal to the Commissioner (Appeals) under section 248, denying liability to pay tax.

It is therefore proposed to amend clause (a) of sub-section (2) of section 249 providing that where the appeal is under section 248, the prescribed time shall be counted from the date of payment of tax.

This amendment is consequential in nature and will take effect from 1st June, 2007.

Clause 65 of the Bill seeks to amend 253 of the Income-tax Act which relates to appeals to the Appellate Tribunal.

Clause (c) of sub-section (1) of the said section provides that an appeal lies to the Appellate Tribunal against the orders passed by the Commissioner of Income-tax under sections 12AA, 263, 271, 272A or an order passed by him under section 154 amending his order under section 263 or an order passed by a Chief Commissioner or a Director General or a Director under section 272A.

It is proposed to amend the said clause so as to include appeals against the orders passed by the Commissioner under clause (vi) of sub-section (5) of section 80G, relating to approval of institutions or funds.

This amendment will take effect from the 1st of June, 2007.

Clause 66 of the Bill seeks to amend section 254 of the Income-tax Act relating to orders of Appellate Tribunal.

The first proviso to sub-section (2A) of the said section provides that where an order of stay is made in any proceedings relating to an appeal filed under sub-section (1) of section 253, the Appellate Tribunal shall dispose of the appeal within a period of one hundred and eighty days from the date of such order. In the second proviso to the said sub-section (2A), it is provided that if such appeal is not so disposed of within the period specified in the first proviso, the stay order shall stand vacated after the expiry of the said period.

It is proposed to amend the said sub-section so as to provide that the Appellate Tribunal may, on an application made by the assessee and after considering the merits of the application, pass an order of stay in any proceedings relating to an appeal filed under sub-section (1) of section 253, for a period not exceeding one hundred and eighty days from the date of such order and the Appellate Tribunal shall dispose of the appeal within the said period of stay specified in that order. It is further proposed to provide that if such appeal is not so disposed of within the period of stay specified in the order of stay, the Appellate Tribunal may, on an application made in this behalf by the assessee and on being satisfied that the delay in disposing of the said appeal is not attributable to the assessee, extend the period of stay, or pass an order of stay for a further period or periods as it thinks fit; but the aggregate of the period originally allowed and the period or periods so extended or allowed shall not, in any case, exceed three hundred and sixty-five days and the Appellate Tribunal shall dispose of the said appeal within the period of stay so extended or allowed.

It is also proposed to provide that if the appeal is not so disposed of within the period of stay initially allowed or the period or periods of stay subsequently extended or allowed, the order of stay shall stand vacated after the expiry of such period or periods.

This amendment will take effect from the 1st June, 2007.

Clause 67 of the Bill seeks to amend section 271 of the Income-tax Act which relates to penalties imposable for failure to furnish returns, comply with notices, concealment of income, etc.

The provisions of clause (b) of Explanation 4 to sub-section (1) of the said section provide that in a case to which Explanation 3 to the said sub-section (1) applies, the amount of tax sought to be evaded shall mean the tax on the total income assessed.

It is proposed to amend the said Explanation 4 so as to provide that in a case to which said Explanation 3 applies, in which the amount of tax sought to be evaded shall mean the tax on the total income assessed as reduced by the amount of advance tax, tax deducted at source, tax collected at source and self assessment tax paid before the issue of notice under sub-section (1) of section 142 or section 148.

This amendment will take effect retrospectively from 1st April, 2003 and will, accordingly, apply in relation to the assessment year 2003-2004 and subsequent years.

The provisions of Explanation 5 to sub-section (1) of section 271 provide that, where in the course of a search initiated under section 132, the assessee is found to be the owner of any money, bullion, jewellery or other valuable article or thing (referred to as assets in this *Explanation*) and the assessee claims that such assets have been acquired by him by utilizing (wholly or in part) his income — (i) for any previous year which has ended before the date of the search, but the return of income for such year has not been furnished before the said date or, where such return has been furnished before the said date, such income has not been declared therein; or (ii) for any previous year which is to end on or after the date of the search, then, notwithstanding that such income is declared by him in any return of income furnished on or after the date of the search, he shall, for the purposes of imposition of a penalty under clause (c) of sub-section (1) of section 271, be deemed to have concealed the particulars of his income or furnished inaccurate particulars of such income. However, penalty shall not be levied if certain conditions prescribed therein are fulfilled.

It is proposed to amend said *Explanation* 5 so as to provide that provisions of said *Explanation* shall be applicable only in a case where search under section 132 was initiated before 1st June, 2007.

This amendment will take effect from 1st June, 2007.

It is further proposed to insert a new *Explanation* 5A to sub-section (1) of section 271 so as to provide that where in the course of a search initiated under section 132 on or after the 1st day of June, 2007, the assessee is found to be the owner of,—(i) any money, bullion, jewellery or other valuable article or thing (hereafter in this *Explanation* referred to as assets) and the assessee claims that such assets have been acquired by him by utilizing (wholly or in part) his income for any previous year; or (ii) any income based on any entry in any books of account or other documents or transactions and claims that such entry in the books of account or other documents or transactions represents his income (wholly or in part) for any previous year; which has ended before the date of the search and the due date for filing the return of income for such year has expired and the assessee has not filed the return, then, notwithstanding that such income is declared by him in any return of income furnished on or after the date of the search, he shall, for the purposes of imposition of a penalty under clause (c) of sub-section (1) of this section, be deemed to have concealed the particulars of his income or furnished inaccurate particulars of such income.

This amendment will take effect from 1st June, 2007.

Clause 68 of the Bill seeks to insert a new section 271AAA in the Income-tax Act which relates to penalty in certain cases.

It is proposed to provide in the said new section that, in a case where search has been initiated under section 132 on or after 1st June, 2007, the assessee shall be liable to pay by way of penalty, in addition to tax, if any, payable by him, a sum computed at the rate of ten per cent. of the undisclosed income of the specified previous year. However, provisions of this section shall not be applicable if the assessee — (i) in a statement admits the undisclosed income and specifies the manner in which such income has been derived; under sub-section (4) of section 132 in the course of the search, (ii) substantiates the manner in which the undisclosed income was derived; and (iii) pays the tax, together with interest, if any, in respect of the undisclosed income. It is further proposed to provide that No penalty under the provisions of clause (c) of sub-section (1) of section 271 shall be imposed upon the assessee in respect of the undisclosed income referred to in sub-section (1). It is also proposed to provide that the provisions of section 274 and section 275 shall, so far as may be, apply in relation to the penalty leviable under the proposed new section.

It is further proposed to insert *Explanation* to the said section so as to clarify that undisclosed income means — (i) any income of the specified previous years represented, either wholly or partly, by any money, bullion, jewellery or other valuable article or thing or any entry in the books of account or other documents or transactions is found in the course

of a search under section 132, which has not been recorded on or before the date of search in the books of account or other documents maintained in the normal course relating to such previous years; or which has otherwise not been disclosed to the Chief Commissioner or Commissioner before the date of the search; or (ii) any income of the specified previous year represented, either wholly or partly, by any entry in respect of an expense recorded in the books of account or other documents maintained in the normal course relating to the specified previous year which is found to be false and would not have been found to be so had the search not been conducted.

It is also proposed to clarify that specified previous year means the previous year— (i) which has ended before the date of search, but the date of filing the return of income under sub-section (1) of section 139 for such year has not expired before the date of search and the assessee has not furnished the return of income for the previous year before the said date; or (ii) in which search was conducted.

The insertion of the new section will take effect from 1st April, 2007 and will be applicable for assessment year 2007-2008 and subsequent assessment years in cases where search under section 132 is initiated on or after 1st June, 2007.

Clause 69 of the Bill seeks to insert a new section 292C in the Income-tax Act relating to presumption as to assets, books of account, etc.

It is proposed to insert a new section 292C in the Act so as to provide that where any books of account, other documents, money, bullion, jewellery or other valuable article or thing are or is found in the possession or control of any person in the course of a search, it may be presumed that —

(i) such books of account, other documents, money, bullion, jewellery or other valuable article or thing belong or belongs to such person;

(ii) the contents of such books of account and other documents are true; and

(iii) the signature and every other part of such books of account and other documents which purport to be in the handwriting of any particular person or which may reasonably be assumed to have been singed by, or to be in the handwriting of, any particular person, are in that person's handwriting, and in the case of a document stamped, executed or attested, that it was duly stamped and executed or attested by the person by whom it purports to have been so executed or attested.

This amendment will take effect retrospectively from 1st October, 1975.

Clause 70 of the Bill seeks to amend section 295 of the Income-tax Act which relates to power of the Board to make rules.

It is proposed to insert new clauses (eeba) and (eebb) in sub-section (2) of said section which are consequent to insertion of sections 139C and 139D giving certain rule making powers to the Board.

The amendment will take retrospective effect from 1st June, 2006.

Clause 71 of the Bill seeks to amend section 296 of the Income-tax Act relating to rules and certain notifications to be placed before Parliament.

The provisions of section 296 provide, *inter alia*, that every notification issued under sub-clause (iv) of clause (23C) of section 10 has to be laid before each House of Parliament within a specified period.

Clause 6 of the Bill, *inter alia*, proposes to amend sub-clause (iv) of clause (23C) of section 10 so as to allow exemption with effect from the 1st day of June, 2007 to any fund or institution referred to therein, as may be approved by the prescribed authority. Hence, no notification shall be issued by the Central Government on or after the 1st day of June, 2007.

It is proposed to amend section 296 so as to provide that every such notification issued before the 1st day of June, 2007 under sub-clause (iv) of clause (23C) of section 10 has to be placed before each House of Parliament within the specified period. This amendment is consequential in nature. This amendment will take effect from the 1st day of June, 2007.

Clause 72 of the Bill seeks to amend Second Schedule to the Income-tax Act which relates to procedure for recovery of tax. Rule 60 provides for application to set aside sale of immovable property on deposit. Sub-rule (1) of the said rule 60 provides that the defaulter, or any person whose interests are affected by the sale, may, at any time within thirty days from the date of the sale apply to the Tax Recovery Officer to set aside the sale. Clause (a) of the said sub-rule (1) provides that such application can be made by the defaulter to the Tax Recovery Officer on his depositing the amount specified in the proclamation of sale for the recovery of which the sale was ordered, with interest on such amount at the rate of fifteen per cent. per annum, calculated from the date of the proclamation of sale to the date when deposit is made.

It is proposed to amend the said clause (a) so as to provide that the interest shall be chargeable at the rate of one and one-fourth per cent. for every month or part of a month instead of fifteen per cent. per annum.

Rule 68A of the said schedule provides for acceptance of property in satisfaction of amount due from the defaulter. Sub-rule (3) of the said rule provides that the amount by which the price of the property agreed upon under sub-rule (1) of the said rule between the Assessing Officer and the defaulter exceeds the amount due to the defaulter, such excess amount is to be paid by the Assessing Officer to the defaulter within a period of three months from the date of delivery of possession of the property to the Assessing officer. Where the Assessing Officer fails to pay such amount within the said period, the Central Government is required to pay simple interest at the rate of six per cent. per annum to the defaulter on such excess amount, for the period commencing on expiry of three months from the date of delivery of possession of the property and ending with the date of payment of the amount that was remaining unpaid.

It is proposed to amend the said sub-rule (3) so as to provide that interest shall be paid at the rate of one-half per cent. for every month or part of a month instead of six per cent. per annum.

These amendments will take effect from the 1st April, 2008.

Clause 73 of the Bill seeks to amend Part A of the Fourth Schedule to the Income-tax Act which relates to the recognised provident funds.

Rule 3 in Part A of the Fourth Schedule provides that the Chief Commissioner or Commissioner may accord recognition to any provident fund which in his opinion satisfies the conditions prescribed in rule 4 and the rules made by the Board in this behalf.

The proviso to sub-rule (1) of the said rule 3 provides that in a case where recognition has been accorded to any provident fund on or before 31st March, 2006, and such provident fund does not satisfy the conditions set out in clause (ea) of rule 4, and any other conditions which the Board may, by rules specify in this behalf, the recognition to such fund shall be withdrawn, if such fund does not satisfy such conditions on or before 31st March, 2007.

It is proposed to amend the said proviso to sub-rule (1), so as to extend the said time limit by one more year *i.e.* up to 31st March, 2008.

It is also proposed to insert another proviso to sub-rule (1) so as to provide that nothing contained in the first proviso shall apply to the provident fund of an establishment in respect of which a notification has been issued by the Central Government under sub-section (2) of section 16 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

Rule 4 of the said schedule sets out the conditions, which a fund is required to satisfy for receiving and retaining recognition. Clause (ea) of the said rule 4 provides that the fund shall be of an establishment to which the provisions of sub-section (3) or sub-section (4) of section 1 of the said Employees' Provident Funds and Miscellaneous Provisions Act are applicable and such establishment has been exempted under section 17 of the said Act from the operation of all or any of the provisions of any scheme referred to in that section.

Since the provisions of the said clause (ea) are not very clear, it is proposed to substitute the said clause so as to provide that the fund shall be a fund of an establishment to which the provisions of sub-section (3) of section 1 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 apply or of an establishment which has been notified by the Central Provident Fund Commissioner under sub-section (4) of section 1 of the said Act, and such establishment shall obtain exemption under section 17 of the said Act from the operation of all or any of the provisions of any scheme referred to in that section.

This amendment will take effect retrospectively from 1st April, 2007 and will, accordingly, apply in relation to the assessment year 2007-2008 and subsequent years.

Wealth-tax.

Clause 74 of the Bill seeks to amend section 2 of the Wealth-tax Act which relates to definitions.

Under the existing provisions of clause (ca) of the said section 2, it has been provided that "Assessing Officer" means the Deputy Commissioner of Income-tax or the Assistant Commissioner or the Income-tax Officer who is vested with the relevant jurisdiction by virtue of directions or orders issued under sub-section (1) or sub-section (2) of section 120 or any other provision of the Income-tax Act which apply for the purposes of wealth-tax under section 8 of the Wealth-tax Act and also the Joint Commissioner who is directed under clause (b) of sub-section (4) of the said section 120 to exercise or perform all or any of the powers and functions conferred on or assigned to the Assessing Officer under that Act.

It is proposed to amend said clause (ca) so as to include Additional Commissioner in the definition of "Assessing Officer". The proposed amendment is clarificatory in nature.

This amendment will take effect retrospectively from 1st June, 1994.

It is further proposed to amend said clause (ca) so as to include Additional Director in the definition of "Assessing Officer". The proposed amendment is also clarificatory in nature.

This amendment will take effect retrospectively from 1st October, 1996.

Clause (ka) of the said section provides that India shall be deemed to include the Union territories of Dadra and Nagar Haveli, Goa, Daman and Diu, and Pondicherry. The said definition is as respects any period for the purposes of section 6 and as respects any period included in the year ending with the valuation date, for the purposes of making any assessment for the assessment year commencing on the 1st day of April, 1963, or for any subsequent year.

The proposed amendment is to substitute the said clause with a new clause so as to provide that "India" means the territory of India as referred to in article 1 of the Constitution, its territorial waters, seabed and subsoil underlying such waters, continental shelf, exclusive economic zone or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976, and the air space above its territory and territorial waters.

This amendment will take effect retrospectively from 25th August, 1976.

Clause 75 of the Bill seeks to amend section 22A of the Wealth-tax relating to definitions under chapter V-A.

Clause (b) of the said section provides that the definition of 'case' means any proceeding under Wealth-tax Act for the assessment or reassessment of any person in respect of any year or years, or by way of appeal or revision in connection with such assessment or reassessment, which may be pending before wealth-tax authority on the date on which an application under sub-section (1) of section 22C has been made. Where any appeal or application for revision has been preferred after the expiry of the period specified for the filing of such appeal or application for revision under this Act and which has not been admitted, such appeal or revision shall not be deemed to be a proceeding pending within the meaning of this clause.

It is proposed to amend clause (b) of the said section so as to define case as any proceeding for assessment under this Act, of any person in respect of any assessment year or assessment years which may be pending before an Assessing Officer on the date on which an application under sub-section (1) of section 22C is made. It has also been provided therein that— (i) a proceeding of assessment or reassessment under section 17; (ii) a proceeding of making fresh assessment in pursuance of an order under section 23A or under section 24 or under sub-section (1) or sub-section (2) of section 25 setting aside or cancelling an assessment; (iii) a proceeding of assessment or reassessment which may be initiated on the basis of a search under section 37A or requisition under section 37B, shall not be a proceeding for assessment for purposes of this clause. It is further proposed to insert an explanation in the said clause (b) so as to clarify that for the purposes of the said clause (i) a proceeding of assessment or reassessment referred to in clause (i) of the proviso shall, in a case where a notice under section 17 is not issued on the basis of search under section 37A or requisition under section 37B, be deemed to have commenced from the date on which notice under section 17 is issued; (ii) a proceeding of making fresh assessment referred to in clause (ii) of the proviso shall be deemed to have commenced from the date on which the order under section 23A or section 24 or under sub-section (1) or sub-section (2) of section 25, setting aside or cancelling an assessment was passed; (iii) a proceeding of assessment or reassessment referred to in clause (iii) of the proviso shall be deemed to have commenced on the date of initiation of the search under section 37A or making of requisition under section 37B; (iv) a proceeding of assessment for an assessment year, other than the proceeding of assessment or reassessment referred to in clause (i) or clause (ii) or clause (iii) of the proviso shall be deemed to have commenced from the 1st day of the assessment year and concluded on the date on which the assessment is made.

Under the existing provisions of the clause (f) of the said section, 'Vice-Chairman' has been defined to mean a Vice-Chairman of the Settlement Commission.

Sub-clause (b) of the said clause seeks to amend clause (g) of the said section so as to mean Vice-Chairman of the Settlement Commission and includes a Member who is senior amongst the Members of a Bench.

These amendments will take effect from 1st June, 2007.

Clause 76 of the Bill seeks to amend section 22C of the Wealth-tax Act relating to application for settlement of cases.

Sub-section (1) of section 22C provides that an assessee may, at any stage of a case relating to him, make an application in such form and in such manner as may be prescribed, and containing a full and true disclosure of his wealth which has not been disclosed before the Assessing Officer, the manner in which such wealth has been derived, the additional amount of wealth-tax payable on such wealth and such other particulars as may be prescribed, to the Settlement Commission to have the case settled. It is provided therein that no such application shall be made unless the assessee has furnished the return of wealth which he is or was required to furnish under any of the provisions of this Act.

Sub-clause (i) of the said clause seeks to substitute the proviso to the said sub-section (1) so as to provide that no such application shall be made unless such wealth-tax and the interest which would have been paid under the provisions of this Act had the wealth disclosed

in the application been declared in the return of net wealth before the Assessing Officer on the date of application, has been paid on or before the date of making the application and the proof of such payment is attached with the application .

Sub-section (1A) of section 22C provides that for the purposes of sub-section (1) of this section and sub-sections (2A) to (2D) of section 22D, the additional amount of wealth-tax payable in respect of the wealth disclosed in an application made under sub-section (1) of this section shall be the amount calculated in accordance with the provisions of sub-sections (1B) to (1D).

Sub-clause (ii) of the said clause seeks to amend the said sub-section (1A), so as to omit reference to sub-section (2A) to (2D) of section 22D.

Under the existing provisions of sub-section (1B) of section 22C, the manner of calculation of additional amount of wealth-tax payable in respect of the wealth disclosed in the application has been provided. Under the said sub-section, where the wealth disclosed in the application relates to only one previous year, then— (i) if the applicant has not furnished a return in respect of the net-wealth of that year, irrespective of whether an assessment has been made in respect of the net wealth of that year, then, except in a case covered by clause (iii), tax shall be calculated on the wealth disclosed in the application; (ii) if the applicant has furnished a return in respect of the net wealth of that year, irrespective of whether or not an assessment has been made in pursuance of such return, tax shall be calculated on the aggregate of the net wealth returned and the wealth disclosed in the application; (iii) if the proceeding pending before the wealth-tax authority is in the nature of a proceeding for reassessment of the applicant under section 17 or by way of appeal or revision in connection with such reassessment, and the applicant has not furnished a return in respect of the net wealth of that year in the course of such proceeding for reassessment, tax shall be calculated on the aggregate of the net wealth as assessed in the earlier proceeding for assessment under section 16 or section 17 and the wealth disclosed in the application.

Sub-clause (iii) of the said clause seeks to amend the said sub-section (1B) so as to provide that where the wealth disclosed in the application relates to only one previous year, then— (i) if the applicant has not furnished a return in respect of the net wealth of that year, then, tax shall be calculated on the wealth disclosed in the application as if such wealth were the net wealth; (ii) if the applicant has furnished a return in respect of the net wealth of that year, tax shall be calculated on the aggregate of the net wealth returned and the wealth disclosed in the application as if such aggregate were the net wealth.

Under the existing provisions of sub-section (1C) of section 22C, the additional amount of wealth-tax payable in respect of the wealth disclosed in the application relating to the previous year referred to in sub-section (1B) shall be— (a) in a case referred to in clause (i) of that sub-section, the amount of tax calculated under that clause; (b) in a case referred to in clause (ii) of that sub-section, the amount of tax calculated under that clause as reduced by the amount of tax calculated on the net wealth returned for that year; (c) in a case referred to in clause (iii) of that sub-section, the amount of tax calculated under that clause as reduced by the amount of tax calculated on the net wealth assessed in the earlier proceeding for assessment under section 16 or section 17.

Sub-clause (iv) of the said clause seeks to amend the said sub-section (1C) so as to omit clause (c) in the said sub-section.

Sub-clause (v) of the said clause seeks to insert a new sub-section (4), so as to provide that an assessee shall, on the date on which he makes an application under sub-section (1) to the Settlement Commission, also send a copy of such application to the Assessing Officer.

These amendments will take effect from 1st June, 2007.

Clause 77 of the Bill seeks to amend section 22D of Wealth-tax Act relating to procedure on the receipt of application under section 22C.

Under the existing provision of sub-section (1) of section 22D, it is provided that on receipt of an application under section 22C, the Settlement Commission shall call for a report from the Commissioner and on the basis of the materials contained in such report and having regard to the nature and circumstances of the case or the complexity of the investigation involved therein, the Settlement Commission, shall, where it is possible, by order, reject the application or allow the application to be proceeded with within a period of one year from the end of the month in which such application was made under section 22C. It is provided therein that an application shall not be rejected under this sub-section unless an opportunity has been given to the applicant of being heard. It has also been provided that the Commissioner shall furnish the report within a period of forty-five days of the receipt of communication from the Settlement Commission in case of all applications made under section 22C on or after the date on which the Finance (No. 2) Act,1991 receives the assent of the President and if the Commissioner fails to furnish the report within the said period, the Settlement Commission may make the order without such report.

Sub-clause (i) of the said clause seeks to amend the said sub-section so as to provide that on receipt of an application under section 22C, the Settlement Commission shall, within seven days from the date of receipt of the application, issue a notice to the applicant to explain as to why the application made by him be allowed to be proceeded with, and on hearing the applicant, the Settlement Commission, shall, within a period of fourteen days from the date of the application, by an order in writing, reject the application or allow the application to be proceeded with. It is also proposed to provide that where no order has been passed within the aforesaid period by the Settlement Commission, the application shall be deemed to have been allowed to be proceeded with.

Under the existing provisions of sub-sections (2A) of section 22D, it is provided that subject to the provisions of sub-section (2B), the assessee shall, within thirty-five days of the receipt of a copy of the order under sub-section (1) allowing the application to be proceeded with, pay the additional amount of wealth-tax payable on the wealth disclosed in the application and shall furnish proof of such payment to the Settlement Commission.

The sub-clause (ii) of the said clause seeks to amend sub-section (2A) to provide that where an application was made under sub-section (1) of section 22C before the 1st day of June, 2007 but an order under the provisions of sub-section (1) of this section as they stood prior to their amendment by the Finance Act, 2007, has not been made before the 1st day of June, 2007, such application shall be deemed to have been allowed to be proceeded with if the additional tax on the wealth disclosed in such application and the interest, is, paid on or before the 31st day of July, 2007. It is also proposed to insert an explanation in the said sub-section to provide that in respect of the applications referred to in this sub-section, the 31st day of July, 2007 shall, for the purposes of sub-section (1), be deemed to be the date of order of rejection or allowing the application to be proceeded with.

Under the existing provisions of sub-section (2B) of section 22D, it is provided that if the Settlement Commission is satisfied, on an application made in this behalf by the assessee, that he is unable for good and sufficient reasons to pay the additional amount of wealth-tax referred to in sub-section (2A) within the time specified in that sub-section, it may extend the time for payment of the amount which remains unpaid or allow payment thereof by instalments if the assessee furnishes adequate security for the payment thereof.

The sub-clause (ii) of the said clause seeks to amend sub-section (2B) to provide that the Settlement Commission shall— (i) in respect of an application which is allowed to be proceeded with under sub-section (1),within thirty days from the date on which the application was made; or (ii) in respect of an application referred to in sub-section (2A) which is deemed to have been allowed to be proceeded with under that sub-section, on or before the 7th day of August, 2007, call for a report from the Commissioner, and Commissioner shall furnish the report within a period of thirty days of the receipt of communication from the Settlement Commission.

Under the existing provisions of sub-section (2C) of section 22D it is provided that where the additional amount of wealth-tax is not paid within the time specified under sub-section (2A), then, whether or not the Settlement Commission has extended the time for payment of the amount which remains unpaid or has allowed payment thereof by instalments under sub-section (2B), the assessee shall be liable to pay simple interest at fifteen per cent. per annum on the amount remaining unpaid from the date of expiry of the period of thirty-five days referred to in sub-section (2A).

The sub-clause (ii) of the said clause seeks to amend sub-section (2C) to provide that where a report of the Commissioner called for under sub-section (2B) has been furnished within the period specified in that sub-section, the Settlement Commission may, on the basis of the material contained in such report and within period of fifteen days of the receipt of the report, by an order in writing, declare the application in question as invalid, if necessary, and shall send the copy of such order to the applicant and the Commissioner. It is proposed to provide therein that an application shall not be declared invalid unless an opportunity has been given to the applicant of being heard. It is also proposed to provide that where the Commissioner has not furnished the report within the aforesaid period, the Settlement Commission shall proceed further in the matter without the report of the Commissioner.

Under the existing provisions of sub-section (2D) of section 22D it is provided that where the additional amount of wealth-tax referred to in sub-section (2A) is not paid by the assessee within the time specified under that sub-section or extended under sub-section (2B), as the case may be, the Settlement Commission may direct that the amount of wealth-tax remaining unpaid, together with any interest payable thereon under sub-section (2C), be recovered and any penalty for default in making payment of such additional amount may be imposed and recovered, in accordance with the provisions of Chapter VII, by the Assessing Officer having jurisdiction over the assessee.

The sub-clause (ii) of the said clause seeks to amend sub-section (2D) to provide that where an application was made under sub-section (1) of section 22C before the 1st day of June, 2007 and an order under the provisions of sub-section (1) of this section as they stood prior to their amendment by the Finance Act, 2007 allowing the application to have been proceeded with has been passed before the 1st day of June, 2007 but an order under sub-section (4) was not passed before the 1st day of June, 2007, such application shall not be allowed to be further proceeded with if the additional tax on the wealth disclosed in such application and the interest, is, notwithstanding any extension of time granted by the Settlement Commission, not paid on or before the 31st day of July, 2007.

Under the existing provisions of sub-section (3) of section 22D it is provided that where an application is allowed to be proceeded with under sub-section (1), the Settlement Commission may call for the relevant records from the Commissioner and after examination of such records, if the Settlement Commission is of the opinion that any further enquiry or investigation in the matter is necessary, it may direct the Commissioner to make or cause to be made such further enquiry or investigation and furnish a report on the matters covered by the application and any other matter relating to the case.

Sub-clause (iii) of the said clause seeks to amend sub-section (3) to provide that the Settlement Commission in respect of – (i) an application which has not been declared invalid under sub-section (2C); or (ii) an application referred to in sub-section (2D), which has been allowed to be further proceeded with under that sub-section, may call for the records from the Commissioner and after examination of such records, if the Settlement Commission is of the opinion that any further enquiry or investigation in the matter is necessary, it may direct the Commissioner to make or cause to be made such further enquiry or investigation and furnish a report on the matters covered by the application and any other matter relating to the case, and the Commissioner shall furnish the report within a period of ninety days of the receipt of communication from the Settlement Commission. It is also proposed to provide therein that where the Commissioner does not furnish his report within the aforesaid period, the Settlement Commission may proceed to pass an order under sub-section (4) without such report.

Under the existing provisions of sub-section (4) of section 22D it is provided that after examination of the records and the report of the Commissioner received under sub-section (1), and the report, if any, of the Commissioner received under sub-section (3), and after giving an opportunity to the applicant and to the Commissioner to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Commission may, in accordance with the provisions of this Act, pass such order as it thinks fit on the matters covered by the application and any other matter relating to the case not covered by the application, but referred to in the report of the Commissioner under sub-section (1) or sub-section (3).

Sub-clause (iii) of the said clause seeks to amend sub-section (4) of the said section to provide that after examination of the record and the report of the Commissioner, if any, furnished under - (i) sub-section (2B) or sub-section (3), or (ii) the provisions of sub-section (1) as they stood prior to their amendment by the Finance Act, 2007, and after giving an opportunity to the applicant and to the Commissioner to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the settlement Commission may, in accordance with the provisions of this Act, pass such order as it thinks fit on the matters covered by the application and any other matter relating to the case not covered by the applicant, but referred to in the report of the Commissioner.

Under the existing provisions of sub-section (4A) of section 22D it is provided that in every application allowed to be proceeded with under sub-section (1), the Settlement Commission shall, where it is possible, pass an order under sub-section (4) within a period of four years from the end of the financial year in which such application was allowed to be proceeded with.

Sub-clause (iii) of the said clause seeks to amend sub-section (4A) of the said section to provide that the Settlement Commission shall pass an order under sub-section (4) - (i) in respect of application referred to in sub-section (2A) or sub-section (2D) , on or before the 31st day of March, 2008; (ii) in respect of an application made on or after 1st day of June, 2007, within nine months from the end of the month in which the application was made.

These amendments will take effect from 1st June, 2007.

Sub-section (6A) of the said section provides for liability of the assessee to pay simple interest at fifteen per cent. per annum on the amount remaining unpaid. It is proposed to change the method of calculation of interest on a monthly basis.

Sub-clause (iv) of the said clause seeks to provide that simple interest at the rate of one and one-fourth per cent. is to be calculated for every month or part of a month instead of fifteen per cent. per annum.

This amendment will take effect from the 1st day of Apirl, 2008.

Clause 78 of the Bill seeks to amend section 22DD of the wealth-tax Act relating to power of the Settlement Commission to order provisional attachment to protect revenue.

Under the existing provisions of sub-section (2) of section 22DD, it is provided that every provisional attachment made by the Settlement Commission under sub-section (1) shall cease to have effect after the expiry of a period of six months from the date of the order made under sub-section (1). It has also been provided therein that the Settlement Commission may, for reasons to be recorded in writing, extend the aforesaid period by such further period or periods as it thinks fit, so, however, that the total period of extension shall not in any case exceed two years.

It is proposed to amend the said sub-section so as to omit the condition that the total period of extension shall not in any case exceed two years. This amendment is of consequential in nature.

This amendment will take effect from 1st June, 2007.

Clause 79 of the Bill seeks to amend section 22E of the Wealth-tax Act relating to power of the Settlement Commission to reopen completed proceedings.

Under the existing provisions of the said section, it is provided that if the Settlement Commission is of the opinion that, for the proper disposal of the case pending before it, it is necessary or expedient to reopen any proceeding connected with the case but which has been completed under this Act by any wealth-tax authority before the application under section 22C was made, it may, with the concurrence of the applicant, reopen such proceeding and pass such order thereon as it thinks fit, as if the case in relation to which the application for settlement had been made by the applicant under that section covered such proceeding also. It has also been provided therein that no proceeding shall be reopened by the Settlement Commission under this section if the period between the end of the assessment year to which such a proceeding relates and the date of application for settlement under section 22C exceeds nine years.

It is proposed to amend the said section so as to provide that the provisions of this section shall not be applicable in respect of a case, where an application is made on or after 1st June, 2007.

This amendment will take effect from 1st June, 2007.

Clause 80 of the Bill seeks to amend section 22F of the wealth-tax Act relating to power and procedure of the Settlement Commission.

Under the existing provisions of sub-section (2) of section 245F, it is provided that where an application made under section 245C has been allowed to be proceeded with under section 245D, the Settlement Commission shall, until an order is passed under sub-section (4) of section 22D, have, subject to the provisions of sub-section (3) of that section, exclusive jurisdiction to exercise the powers and perform the functions of a wealth-tax authority under this Act in relation to the case.

It is proposed to amend the said sub-section by inserting a proviso so as to provide that where an application has been made under section 22C on or after the 1st day of June, 2007, the Settlement Commission shall have such exclusive jurisdiction from the date on which the application was made. It also proposes to provide in the said sub-section that where- (i) an application made on or after the 1st day of June, 2007, is rejected under sub-section (1) of section 22D; or (ii) an application, is not allowed to be proceeded with under said sub-section (2A) of section 22D, or, as the case may be, is declared invalid under sub-section (2B) of that section; or (iii) an application is not allowed to be further proceeded with under section (2D) of section 22D, the Settlement Commission, in respect of such application shall have such exclusive jurisdiction upto the date on which the application is rejected, or, not allowed to be proceeded with, or, declared in valid, or, not allowed to be further proceeded with as the case may be.

This amendment will take effect from 1st June, 2007.

Clause 81 of the Bill seeks to amend section 22H of the Wealth-tax Act relating to power of the Settlement Commission to grant immunity from prosecution and penalty.

Under the existing provisions of sub-section (1) of section 22H, it is provided that the Settlement Commission may, if it is satisfied that any person who made the application for settlement under section 22C has co-operated with the Settlement Commission in the proceedings before it and has made a full and true disclosure of his wealth and the manner in which such wealth has been derived, grant to such person, subject to such conditions as it may think fit to impose, immunity from prosecution for any offence under this Act or under the Indian Penal Code or under any other Central Act for the time being in force and also (either wholly or in part) from the imposition of any penalty under this Act, with respect to the case covered by the settlement. It has also been provided therein that no such immunity

shall be granted by the Settlement Commission in cases where the proceedings for the prosecution for any such offence have been instituted before the date of receipt of the application under section 22C.

It is proposed to amend the said sub-section by inserting a second proviso so as to provide that the Settlement Commission shall not grant immunity from prosecution for any offence under the Indian Penal Code or under any Central Act other than Income-tax Act and the Wealth-tax Act to a person who made an application for settlement under section 22C on or after the 1st day of June, 2007.

This amendment will take effect from 1st June, 2007.

Clause 82 of the Bill seeks to insert a new section 22HA in the Wealth-tax Act relating to abatement of proceedings relating to the Settlement Commission.

It is proposed to provide in sub-section (1) of the said section that where- (i) an application made under section 22C on or after 1st day of June, 2007 has been rejected under sub-section (1) of section 22D; or (ii) an application made under section 22C has not been allowed to be further proceeded with under sub-section (2A) or under sub-section (2D) of section 22D; or (iii) an application made under section 22C has been declared as invalid under sub-section (2C) of section 22D; or (iv) in respect of any other application made under section 22C, an order under sub-section (4) of section 22D has not been passed within the time specified under sub-section (4A) of section 22D, the proceedings before the Settlement Commission shall abate on the specified date. It also proposes to insert an explanation so as to clarify the meaning of "specified date". For the purpose of this sub-section, "specified date" means- (a) in respect of an application referred to in clause (i), the day on which the application was rejected; (b) in respect of application referred to in clause (ii), the 31st day of July, 2007; (c) in respect of application referred to in clause (iii), the last day of the month in which the application was declared invalid;(d) in respect of application referred to in clause (iv), on the date on which the time limitation specified in sub-section (4A) expires.

It is further proposed to provide in sub-section (2) of the new section, that where a proceeding before the Settlement Commission abates, the Assessing Officer shall dispose of the case in accordance with the provisions of this Act as if no application under section 22C had been made.

It is also proposed to provide in sub-section (3) of the new section, that for the purposes of sub-section (2), the Assessing Officer shall be entitled to use all the material and other information produced by the assessee before the Settlement Commission or the results of the inquiry held or evidence recorded by the Settlement Commission in the course of the proceedings before it as if such materials, information, inquiry and evidence had been produced before the Assessing Officer or held or recorded by him in the course of the proceedings before him.

It is also proposed to provide that in sub-section (4) of said section that for the purposes of the time-limit under sections 17A, 32 and 35 and for the purposes of payment of interest under section 34A in a case referred to in sub-section (2), the period commencing on and from the date of the application to the Settlement Commission under section 22C and ending with "specified date" referred to in sub-section (1) shall be excluded.

These amendments will take effect from 1st June, 2007.

It also seeks to insert a new section 22HAA in the Wealth-tax Act relating to credit for the tax paid in case of abatement of proceedings.

It is proposed to provide in the said section that where an application made under section 22C is rejected under sub-section (1) of section 22D or is not allowed to be proceeded with under sub-section (2A) of section 22D or is declared invalid under sub-section (2C) of section 22D or has not been allowed to be further proceeded with under sub-section (2D) of section 22D or an order under sub-section (4) of section 22D has not been passed before the

time provided under sub-section (4A) of section 22D, the Assessing Officer shall, in making the assessment, or, as the case may be, completing the proceedings in accordance with the provisions of section 22HA, allow the credit for the tax and interest paid before making the application or during the pendency of the case before the Settlement Commission.

This amendment will take effect from 1st June, 2007.

Clause 83 of the Bill seeks to substitute section 22K of the Wealth-tax Act relating to bar on subsequent application for settlement in certain cases.

Under the existing provisions of the said section, it is provided that where- (i) an order of settlement passed under sub-section (4) of section 22D provides for the imposition of a penalty on the person who made the application under section 22C for settlement, on the ground of concealment of particulars of his wealth; or (ii) after the passing of an order of settlement under the said sub-section (4) in relation to a case, such person is convicted of any offence under Chapter VIII in relation to that case; or (iii) the case of such person is sent back to the Assessing Officer by the Settlement Commission under section 22HA, then, he shall not be entitled to apply for settlement under section 22C in relation to any other matter.

It is proposed to amend the said section by substituting the existing clauses with new sub-sections (1) and (2) thereto. The proposed sub-section (1) provides that where- (i) an order of settlement passed under sub-section (4) of section 22D provides for the imposition of a penalty on the person who made the application under section 22C for settlement, on the ground of concealment of particulars of his wealth; or (ii) after the passing of an order of settlement under the said sub-section (4) in relation to a case, such person is convicted of any offence under Chapter VIII in relation to that case, or (iii) the case of such person was sent back to the Assessing Officer by the Settlement Commission on or before the 1st day of June, 2002, then, he shall not be entitled to apply for settlement under section 22C in relation to any other matter.

The proposed sub-section (2) provides that where a person has made an application under section 22C on or after the 1st June, 2007 and if such application has been allowed to be proceeded with under sub-section (1) of section 22D, such person shall not be subsequently entitled to make an application under section 22C.

These amendments will take effect from 1st June, 2007.

Clause 84 of the Bill seeks to insert section 42D of the Wealth-tax Act relating to presumption as to assets, books of account, etc.

It is proposed to insert a new section 42D in the Wealth-tax Act so as to provide that where any books of account or other documents, articles or things including money are found in the possession or control of any person in the course of a search, it may, in any proceeding under this Act, be presumed that—

(i) such books of account or other documents, articles or things including money belong to such person;

(ii) the contents of such books of account or other documents are true; and

(iii) the signature and every other part of such books of account or other documents which purport to be in the handwriting of any particular person or which may reasonably be assumed to have been signed by, or to be in the handwriting of, any particular person, are in that person's handwriting, and in the case of a document stamped, executed or attested, that it was duly stamped and executed or attested by the person by whom it purports to have been so executed or attested.

This amendment will take effect retrospectively from 1st October, 1975.

Customs

Clause 85 seeks to amend clause (41) of section 2 of the Customs Act, 1962 so as to substitute the words, brackets and figures "sub-section (1) or sub-section (3) of section 14" for the words, brackets and figures "sub-section (1) of section 14". The said amendment is of a consequential nature. The said clause shall come into force from such date as the Central Government may, by notification in the Official Gazette, appoint.

Clause 86 seeks to amend section 14 of the Customs Act, 1962 which relates to valuation of goods for the purposes of assessment. The existing sub-section (1) of section 14 is based on concept of the deemed value of goods, but sub-section (1A) of section 14 mandates that the price in respect of imported goods shall be determined in terms of the rules made in this behalf and the rules framed thereunder are based on the concept of "transaction value" as enshrined in the World Trade Organisation Valuation Agreement. Because of the inherent contradiction in the two concepts of "deemed value" and "transaction value", practical difficulties are being faced in implementation of the valuation provisions of the Customs Act. There has been felt a need to substitute the concept of "deemed value" with the concept of "transaction value".

Accordingly, it is proposed to substitute section 14 of the said Act with a view to provide that the value of the imported goods and export goods shall be the transaction value of such goods, as determined in accordance with the rules made in this behalf. It is further proposed to provide that the transaction value in the case of imported goods specified in sub-section (1) shall include any amount that the buyer is liable to pay for costs and services, including commissions and brokerage, assists, engineering, design work, royalties and licence fees, costs of transportation to the place of importation, insurance, and handling charges. It is also proposed to provide that where there is no sale or the transaction value of the imported goods or export goods is not determinable, the value of such goods shall be determined in accordance with the rules made in this behalf. The said clause shall come into force from such date as the Central Government may, by notification in the Official Gazette, appoint.

Clause 87 seeks to amend section 27 of the Customs Act, 1962 with a view to insert a proviso in sub-section (1) of the said section which explains the relevant date for the purpose of refund of duty in consequence of judgment, decree, order or direction of the appellate authority, Appellate Tribunal or any court.

Clause 88 seeks to amend section 28E of the Customs Act, 1962 by inserting an *Explanation* in clause (c) relating to definition of 'applicant' so as to clarify that in the 'joint venture in India' at least one of the persons shall be a non-resident.

Clause 89 seeks to amend sub-section (2) of section 75A of the Customs Act. At present interest on erroneously paid drawback is chargeable at the rate fixed under section 28AA from the date after the expiry of two months from the date of demand till the date of recovery. The amendment proposes to charge interest for the period beginning from the date of payment of drawback to the claimant up to the date of recovery of such drawback from the claimant at the rate fixed under section 28AB. The interest shall be payable not only in cases of erroneous payment but also where drawback paid is otherwise recoverable under the Act or the rules made thereunder.

Clause 90 seeks to omit Chapter XA of the Customs Act, 1962 which deals with the special provisions relating to Special Economic Zones. The omission of the said Chapter was necessitated due to the enactment of the Special Economic Zones Act, 2005.

Clause 91 seeks to amend section 127A of the Customs Act by substituting clause (b) thereof with a view to provide that applicant can file an application before the Settlement Commission only in respect of the cases pending before the adjudicating authority. It further provides that in respect of the case referred back by the Appellate Tribunal, Court or any other authority to the adjudicating authority for fresh adjudication the applicant shall not be entitled to file an application.

Clause 92 seeks to amend section 127B of the Customs Act with a view to substitute sub-sections (1) and (1A) for the existing sub-section (1) so as to provide that the applicant shall be eligible to file an application in respect of the case in which he admits short levy on account of misclassification, under-valuation, inapplicability of exemption notification but not in respect of the goods not included in the Bill of entry or Shipping Bill, as the case may be. It further provides that while filing an application he shall deposit the additional amount of customs duty accepted by him along with the stipulated interest due thereon and it also proposes to enhance the minimum settlement amount from two lakh rupees to three lakh rupees. It also provides that in respect of an application filed before the 1st June, 2007, but pending issuance of an order by the Commission, the applicant pay the accepted duty by the 30th of June, 2007, failing which the application shall be rejected.

Clause 93 seeks to substitute section 127C of the Customs Act with a view to specify time limit at every stage for the disposal of the application filed before the Settlement Commission. It, *inter alia,* provides that in respect of an application filed on or before 31st May, 2007, the order shall be passed by 29th February, 2008 and in respect of the application made on or after 1st day of June, 2007, the order shall be passed within nine months of the application. It also provides that the amount of settlement ordered by the Commission shall in no case be less than duty liability admitted by the applicant. It further provides that the settlement amount shall be paid within 30 days of the receipt of the order and no extension for payment of settlement amount shall be granted by the Commission.

Clause 94 seeks to amend section 127E of the Customs Act with a view to insert a proviso to debar the Settlement Commission from re-opening the completed proceedings in respect of applications made on or the after Ist day of June, 2007.

Clause 95 seeks to amend section 127F of the Customs Act to make consequential changes in view of the amendments made in section 127C.

Clause 96 seeks to amend section 127H of the Customs Act with a view to debar the Settlement Commission from granting the immunity from prosecution for any offence under Indian Penal code or any other Central Act for the time being in force other than Customs Act. It also provides that the Settlement Commission shall not have the power to grant immunity from payment of interest as provided under this Act. It further provides that the applications pending before the Settlement commission on the 31st day of May, 2007 shall be decided in accordance with the existing provision.

Clause 97 seeks to amend section 127J of the Customs Act to make consequential changes in view of the amendments made in section 127C.

Clause 98 seeks to amend section 127 K of the Customs Act to make consequential changes in view of the amendments made in section 127C.

Clause 99 seeks to amend section 127L of the Customs Act with a view to provide that an applicant can apply for settlement only once during his lifetime so that the scheme of settlement is not treated as a permanent amnesty scheme by the tax evaders. It also provides that in respect of cases involving identical recurring issue, the applicant can file application for settlement provided that his earlier application is pending before the Settlement Commission.

Clause 100 seeks to omit section 127MA of the Customs Act as it has outlived its utility with the passage of time.

Clause 101 seeks to amend section 129 of the Customs Act, 1962 so as to insert a new sub-section (6) therein with a view to debar the President, Vice-President or other Member of the Customs, Excise and Service Tax Appellate Tribunal from appearing, acting or pleading before the said Tribunal on ceasing to hold office.

Clause 102 seeks to amend section 129D of the Customs Act, so as to reduce the time available to Committee of Chief Commissioners and Commissioner to pass an order under sub-section (3), from one year to three months from the date of communication of the decision

or order of the adjudicating authority and also to reduce the time available under sub-section (4) for authorised officer to file appeal before the Appellate Tribunal or the Commissioner (Appeals), as the case may be, from three months to one month with a view to expedite filing of appeal by the Central Government and to bring appeal period allowed to the Government at par with the period allowed to the assessee.

Clause 103 seeks to amend section 135 of the Customs Act, 1962 which prescribes the extent of penalty in terms of imprisonment and fine in respect of offences relating to evasion of any duty and violation of prohibitions imposed under the Customs Act or any other law for the time being in force.

It is proposed to amend section 135 so as to provide for penalty on the basis of value of goods and amount of the duty involved. It is proposed to provide the maximum punishment of seven years in respect of goods whose market price exceeds rupees one crore or cases involving duty evasion or fraudulent availing of drawback exceeding rupees thirty lakh. It is also proposed to amend section 135 to provide punishment for offences relating to prohibited goods. Further, the minimum punishment is proposed to be kept at one year in place of three years which could be relaxed by the court for reasons to be recorded in writing.

Clause 104 seeks to amend sub-section (2) of section 156 of the Customs Act, 1962 with a view to substitute clause (a) of sub-section (2) of the said section with new clauses (a) and (aa) so as to incorporate the rule making power with reference to the provisions of sub-section (1) and sub-section (3) of section 14 of the said Act. The said clause shall come into force from such date as the Central Government may, by notification in the Official Gazette, appoint.

Customs tariff

Clause 105 (i) seeks to amend the First Schedule to the Customs Tariff Act so as to,—

(1) reduce *ad valorem* rate of customs duty or the *ad valorem* component of customs duty, as the case may be, in respect of goods falling under the following Chapters, headings, sub-headings or tariff items, namely:—

Chapter 21 (2106 90), 22 (2207 10 and 2208), 25 (except 2510), 26 (2620 11 00, 2620 19 00, 2620 30 10 and 2620 30 90), 27 (except 2701 12 00, 2709 00 00, 2710, 2711, 2712, 2713, 2714, 2715 and 2716 00 00), 28 (except 2814), 29 (except 2905 43 00 and 2905 44 00), 30 (except 3006 60), 31 (except 3102 21 00, 3102 50 00, 3104 30 00, 3105 20 00, 3105 30 00, 3105 40 00, 3105 51 00, 3105 59 00, 3105 60 00 and 3105 90), 32, 33 (except 3301 and 3302 10), 34, 35 (3506 and 3507), 36, 37, 38 (except 3809 10 00, 3818, 3823 and 3824 60), 39, 40 (except 4001 10, 4001 21 00, 4001 22 00, 4001 29 and 4011 30 00), 41 (except 4101, 4102 and 4103), 42, 43 (4302, 4303 and 4304), 44 (except 4401, 4402 and 4403), 45, 46, 47 (4707), 48, 49 (except 4902, 4904 00 00 and 4905), 50 (5004, 5005, 5006 and 5007), 51 (except 5101, 5102, 5103 and 5105 29 10), 52 (except 5201, 5202 and 5203 00 00), 53 (except 5301 and 5302), 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 78, 79, 80, 81, 82, 83, 84 (except 8407 21 00, 8443 32 10, 8443 32 20, 8443 32 30, 8443 32 40, 8443 32 50, 8443 32 60, 8443 32 90, 8443 99 10, 8443 99 20, 8443 99 30, 8443 99 40, 8443 99 51, 8443 99 52, 8443 99 59, 8456 90 10, 8469 00 10, 8470, 8471, 8473 21 00, 8473 29 00, 8473 30 and 8473 50 00), 85 (except 8517, 8519 50 00, 8523 52, 8523 59 10, 8523 80 20, 8525 60, 8531 20 00, 8532, 8533, 8534 00 00, 8540 40 00, 8541, 8542 31 00, 8542 32 00, 8542 33 00, 8542 90 00, 8543 10 10, 8543 70 11, 8544 70 10 and 8544 70 90), 86, 87 (except 8703, 8710 00 00 and 8711), 88 (except 8802 20 00, 8802 30 00, 8802 40 00, 8803 10 00, 8803 20 00 and 8803 30 00), 89, 90 (except 9013 80 10, 9013 90 10, 9026, 9027 20 00, 9027 30, 9027 50, 9027 80, 9030 40 00, 9030 82 00 and 9031 41 00), 91, 92, 93, 94, 95, 96, 97 (except 9704), 98 (except 9803 00 00);

(2) reduce the customs duty for preferential areas in respect of goods falling under the following Chapters, headings, sub-headings or tariff items, namely:—

Chapter 29 (2917 37 00, 2933 71 00, 2936, 2937, 2939 41, 2939 42 00, 2939 43 00, 2939 49 00, 2939 51 00, 2939 59 00 and 2941), 30 (3001, 3002, 3003 and 3004), 34 (3402 11, 3402 12 00, 3402 13 00 and 3402 19 00), 38 (3801 10 00, 3802 10 00, 3812 10 00, 3815 11 00 and 3815 12).

Sub-clause (ii) of the said clause also seeks to amend the Second Schedule to the Customs Tariff Act so as to,—

(1) replace the *ad valorem* plus specific rate of customs duty on iron ores, all sorts, with specific rate of customs duty on iron ores and concentrates, all sorts;

(2) replace the *ad valorem* rate of customs duty on specified chromite ores and concentrates with a specific rate on chromium ores and concentrates, all sorts.

Excise

Clause 106 seeks to amend sub-section (1) of section 3 of the Central Excise Act, 1944 with a view to omit the provisions relating to 'free trade zone' which have become redundant due to enactment of the Special Economic Zones Act, 2005. It is also proposed to amend clause (iii) of *Explanation* 2 of said sub-section so as to substitute the meaning of 'Special Economic Zone' in the manner as is assigned to it in clause (za) of section 2 of the Special Economic Zones Act, 2005.

Clause 107 seeks to insert new sub-clause (ec) in clause (B) of *Explanation* to section 11B of the Central Excise Act, with a view to define the relevant date for the purpose of refund of duty in consequence of judgment, decree, order or direction of appellate authority, Appellate Tribunal or any court.

Clause 108 seeks to amend section 23A of the Central Excise Act, 1944 by inserting an *Explanation* in clause (c) relating to definition of 'applicant' so as to clarify that in the 'joint venture in India' at least one of the persons shall be a non-resident.

Clause 109 seeks to amend section 31 of the Central Excise Act by substituting clause (c) thereof with a view to provide that applicant can file an application before the Settlement Commission only in respect of the case pending before the adjudicating authority. It further provides that assessee in respect of the case referred back by the Appellate Tribunal, Court or any other authority to the adjudicating authority for fresh adjudication the assessee shall not be entitled to file an application.

Clause 110 seeks to amend section 32A of the Central Excise Act with a view to insert a proviso so as to empower the Chairman to constitute a Bench consisting of three Members and the senior among the Members shall act as the presiding officer of the Bench, if the Vice-Chairman is not one of the Members.

Clause 111 seeks to amend section 32E of the Central Excise Act with a view to substitute sub-sections (1) and (1A) for the existing sub-section (1) so as to provide that the applicant shall be eligible to file an application in respect of the case in which he admits short levy on account of misclassification, under-valuation, inapplicability of exemption notification or CENVAT credit but not in respect of the goods for which no proper record has been maintained by the assessee in his daily stock register. It further provides that while filing an application he shall deposit the additional amount of excise duty accepted by him along with the stipulated interest due thereon and it also proposes to enhance the minimum settlement amount from two lakh rupees to three lakh rupees. It also provides that in respect of an application filed before the 1st June, 2007, but pending issuance of an order by the Commission, the applicant pay the accepted duty by the 30th of June, 2007, failing which the application shall be rejected.

Clause 112 seeks to substitute section 32F of the Central Excise Act with a view to specify time limit at every stage for the disposal of the application filed before the Settlement Commission. It, *inter alia,* provides that in respect of an application filed on or before 31st May, 2007, the order shall be passed by 29th February, 2008 and in respect of the application made on or after 1st day of June, 2007, the order shall be passed within nine months of the application. It also provides that the amount of settlement ordered by the Commission shall in no case be less than duty liability admitted by the applicant. It further provides that the settlement amount shall be paid within 30 days of the receipt of the order and no extension for payment of settlement amount shall be granted by the Commission.

Clause 113 seeks to amend section 32H of the Central Excise Act with a view to insert a proviso to debar the Settlement Commission from re-opening the completed proceedings in respect of applications made on or after Ist day of June, 2007.

Clause 114 seeks to amend section 32-I with a view to make consequential changes in view of the amendments made in section 32F.

Clause 115 seeks to amend section 32K of the Central Excise Act with a view to debar the Settlement Commission from granting the immunity from prosecution for any offence under Indian Penal Code or any Central Act for the time being in force other than Central Excise Act. It also provides that the Settlement Commission shall not have the power to grant immunity from payment of interest as provided under this Act. It further provides that the applications pending before the Settlement Commission on the 31st day of May, 2007 shall be decided in accordance with the existing provision.

Clause 116 seeks to amend section 32M with a view to make consequential changes in view of the amendments made in section 32 F.

Clause 117 seeks to amend section 32N with a view to make consequential changes in view of the amendments made in section 32 F.

Clause 118 seeks to amend section 32-O with a view to provide that an assessee can apply for settlement only once during his lifetime so that the scheme of settlement is not treated as a permanent amnesty scheme by the tax evaders. It also provides that in respect of cases involving identical recurring issue, the applicant can file application for settlement provided that his earlier application is pending before the Settlement Commission.

Clause 119 seeks to omit section 32PA as it has outlived its utility with the passage of time.

Clause 120 seeks to amend section 35E of the Central Excise Act so as to reduce the time available to Committee of Chief Commissioners and Commissioner to pass an order under sub-section (3), from one year to three months from the date of communication of the decision or order of the adjudicating authority and also to reduce the time available under sub-section (4) for authorised officer to file appeal before the Appellate Tribunal or the Commissioner (Appeals), as the case may be, from three months to one month with a view to expedite filing of appeal by the Central Government and to bring appeal period allowed to the Government at par with the period allowed to the assessee.

Clause 121 seeks to amend section 35F of the Central Excise Act, 1944 so as to insert an *Explanation* therein with a view to widen the scope of expression "duty demanded" for the purpose of this section. The proposed amendment provides for inclusion of amount determined under section 11D; amount of erroneous CENVAT credit taken; amount payable under rule 57CC of Central Excise Rules, 1944; amount payable under rule 6 of CENVAT Credit Rules, 2001 or CENVAT Credit Rules, 2002 or CENVAT Credit Rules, 2004; interest payable under the provisions of this Act or the rules made thereunder; within the ambit of expression "duty demanded" in addition to the duty specified under section 3 of the said Act for the purpose of predeposit, pending appeal, under section 35F of the Act.

Clause 122 seeks to amend sub-section (*4*) of section 37 of the Central Excise Act, 1944 so as to reduce the penalty from ten thousand rupees to two thousand rupees to the manufacturer, producer or licensee for the reasons specified in the said sub-section. It also seeks to amend sub-section (*5*) of the said section so as to reduce the penalty from ten thousand rupees to two thousand rupees for possessing, transporting, removing, depositing, keeping, concealing, selling or purchasing any excisable goods which are liable to confiscation.

Clause 123 seeks to amend the Third Schedule to the Central Excise Act so as to insert, omit or amend certain items and entries—

(a) in Part I, with effect from 1st March, 2007; and.

(b) in Part II, from a date to be notified by the Central Government.

Excise tariff

Clause 124 seeks to amend First Schedule to the Central Excise Tariff Act so as to enhance the duty on various types of cigarettes falling under Chapter 24, to enhance the tariff rate on certain types of Cements falling under Chapter 25 from Rs 400 per tonne to Rs. 600 per tonne, to prescribe the tariff rate on all tariff items which cover nylon fishnet fabrics, fishnet twine and fishnet in Chapters 54 and 56 at 12%, to modify the tariff rate on televisions, monitors, etc., of all types falling under Chapter 85, from 16% or Rs. 34,000/- whichever is higher to 16%, and to enhance the tariff rate on aeroplanes, helicopters, other aircrafts and their parts falling under Chapter 88 from Nil to 16%.

Service tax

Clause 125 of the Bill seeks to amend Chapter V of the Finance Act, 1994 relating to service tax in the following manner, namely:—

Sub-clause (*A*) seeks to amend section 65, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, so as to,—

(*a*) define the terms — design services, development and supply of content, renting of immovable property, telecommunication service;

(*b*) specify the scope of the following taxable services — banking and other financial services, rent-a-cab scheme operator service, event management service, management, maintenance or repair service, management or business consultant's service, mandap keeper's service, pandal or shamiana contractor's service, consulting engineer's service, manpower recruitment or supply service, sale of space or time for advertisement service, telecommunication service, mining service, renting of immovable property service, services provided in the execution of a works contract, development and supply of content service, asset management including portfolio management and all forms of fund management service, design services;

Sub-clause (*B*) seeks to substitute section 66, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, so as to specify the following services as taxable services:

(*a*) telecommunication service,

(*b*) mining service,

(*c*) renting of immovable property service for use in the course or furtherance of business or commerce,

(*d*) services provided in the execution of a works contract, excluding works contract in respect of roads, airports, railways, transport terminals, bridges, tunnels and dams,

(*e*) development and supply of content service for use in telecommunication services, advertising agency services and on-line information and database access or retrieval services,

(*f*) asset management including portfolio management and all forms of fund management service, provided by any person (such service provided by a banking company or a financial institution including a non-banking financial company or any other body corporate or commercial concern is already specified as a taxable service)

(*g*) design services;

Sub-clause (C) seeks to amend sub-section (1) of section 70 so as to empower the Central Government to prescribe an amount to be paid by an assessee, if there is a delay in furnishing the prescribed return.

Sub-clause (D) seeks to amend section 83 so as to make applicable section 14AA and section 38A of the Central Excise Act, 1944 in relation to service tax.

Sub-clause (E) seeks to amend section 86 with a view to—

(i) insert sub-section (1A) to empower the Central Board of Excise and Customs constituted under the Central Boards of Revenue Act, 1963 (54 of 1963) to constitute Committees comprising two Chief Commissioners of Central Excise or two Commissioners of Central Excise;

(ii) amend sub-section (2) to substitute the word 'Board' with the words "Committee of Chief Commissioners of Central Excise" for the purpose of giving direction to the Commissioner of Central Excise to file appeal to the Appellate Tribunal against the order passed by the Commissioner under section 73 or section 83A or section 84;

(iii) amend sub-section (2A) to substitute the word 'Commissioner of Central Excise' with the words "Committee of Commissioners of Central Excise" for the purpose of giving direction to any Central Excise Officer to file appeal to the Appellate Tribunal against the order passed by the Commissioner of Central Excise (Appeals) under section 85.

Sub-clause (F) seeks to amend sub-section (2) of section 94 so as to empower the Central Government to make rules to prescribe the form, manner and frequency of the returns to be furnished and the late fee for delayed furnishing of return by the assessee under section 70 of the Finance Act, 1994.

Sub-clause (G) seeks to amend section 95 so as to empower the Central Government to issue orders for removal of difficulty in case of implementing, classifying or assessing the value of any taxable service incorporated by the proposed legislation in this Chapter up to one year from the date of enactment of the Finance Bill, 2007.

Sub-clause (H) seeks to amend section 96A by inserting an *Explanation* in clause (b) relating to definition of 'applicant' so as to clarify that in the 'joint venture in India' at least one of the persons shall be a non-resident.

Secondary and Higher Education Cess

Clause 126 of the Bill provides for levy and collection of Secondary and Higher Education Cess as surcharge for purposes of the Union to finance secondary and higher education. The sums of money of the Secondary and Higher Education Cess levied under sub-section (1) of section 126 of Chapter VI may be utilised by the Central Government for the purposes of sub-section (2) of section 126 after due appropriation made by Parliament by law made in this behalf.

Clause 127 of the Bill provides that the words and expressions used in Chapter VI and defined in the Central Excise Act, 1944, the Customs Act, 1962 or Chapter V of the Finance Act, 1994, shall have the meanings respectively assigned to them in those Acts or Chapter, as the case may be.

Clause 128 of the Bill provides for Secondary and Higher Education Cess on excisable goods at the rate of one per cent., calculated on the aggregate of all duties of excise (including special duty of excise or any other duty of excise but excluding Education Cess and Secondary and Higher Education Cess on excisable goods) which are levied and collected by the Central Government in the Ministry of Finance (Department of Revenue), under the provisions of the Central Excise Act, 1944 or under any other law for the time being in force.

Clause 129 of the Bill provides for Secondary and Higher Education Cess on imported goods at the rate of one per cent., calculated on the aggregate of duties of customs which are levied and collected by the Central Government in the Ministry of Finance (Department of Revenue) under section 12 of the Customs Act, 1962 and any sum chargeable on such goods under any other law for the time being in force, as an addition to, and in the same manner as,

a duty of customs, but not including, (a) the additional duty, (b) the safeguard duty, (c) the countervailing duty, and (d) the anti-dumping duty referred to in sections 3(5), 8B and 8C, 9 and 9A of the Customs Tariff Act, 1975 respectively and the Education Cess and Secondary and Higher Education Cess on imported goods.

Clause 130 of the Bill provides for Secondary and Higher Education Cess on taxable services at the rate of one per cent., calculated on the tax which is levied and collected under section 66 of the Finance Act, 1994.

Clause 131 seeks to amend section 93 and section 94 of the Finance (No. 2) Act, 2004 with a view also to exclude the proposed 'Secondary and Higher Education Cess' from the aggregate of all duties of excise and customs, respectively, as the bases for the purpose of calculating Education Cess. The proposed amendments are of consequential nature.

Miscellaneous

Clause 132 seeks to amend clause (iid) of section 14 of the Central Sales Tax Act, 1956 with a view to provide that the Aviation Turbine Fuel sold to an aircraft with a maximum take-off mass of less than forty thousand kilograms operated by scheduled airlines shall be included in the list of goods of special importance in inter-State trade or commerce, so as to rationalise this provision to cover all the similarly placed aircrafts, irrespective of whether they are Turbo-Prop or otherwise, with the object of improving air connectivity to remote parts of the country by restricting the rate of Sales Tax or Value Added Tax on Aviation Turbine Fuel sold to such small aircrafts. Further, it is proposed to provide an *Explanation* with a view to define the term "scheduled airlines".

Clause 133 seeks to amend the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957 so as to substitute the descriptions of goods related to tariff items 5211 20 50 and 5514 30 12, to harmonize the same with the First Schedule to the Customs Tariff Act.

Clause 134 seeks to amend section 94 in Chapter VII of the Finance Act, 2005, relating to Banking Cash Transaction Tax, which contains definitions for the purposes of the said Chapter.

Clause (5) of the said section provides for the definition of the word "person", which includes an office or establishment of the Central Government or the Government of a State. But there are various schemes of the Central Government and State Governments where payments by way of cash cannot be avoided. So, it is proposed to exclude the offices or establishments of the Central Government and Governments of States from the purview of definition of "person" in the Banking Cash Transaction Tax.

Clause (8) of the said section defines 'taxable banking transaction'. Item (i) of sub-clause (a) of the said clause (8) provides that 'taxable banking transaction' means a transaction, being withdrawal of cash (by whatever mode) on any single day from an account (other than a savings bank account) maintained with any scheduled bank, exceeding twenty-five thousand rupees, in case such withdrawal is from the account maintained by any individual or Hindu undivided family. Similarly, item (i) of sub-clause (b) of the said clause (8) provides that 'taxable banking transaction' means a transaction, being receipt of cash from any scheduled bank on any single day on encashment of one or more term deposits, whether on maturity or otherwise, from that bank, exceeding twenty-five thousand rupees, in case such term deposit or deposits are in the name of any individual or Hindu undivided family. It is proposed to enhance the existing limit of taxable banking transaction from the present twenty-five thousand rupees to fifty thousand rupees.

These amendments will take effect from the 1st day of June, 2007.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 6 of the Bill seeks to amend section 10 of the Income-tax Act relating to incomes not to be included in total income.

Item (A) of sub-clause (e) of the said clause seeks to amend sub-clause (iv) of clause (23C) of the said section so as to provide that any income received by any person on behalf of any other fund or institution established for charitable purposes which may be approved by the prescribed authority shall not be included in total income.

Item (B) of the said sub-clause (e) seeks to amend sub-clause (v) of the said clause (23C) so as to provide that any income received by any person on behalf of any trust or institution wholly for public religious purposes or wholly for public religious and charitable purposes which may be approved by the prescribed authority shall not be included in total income.

It is proposed to empower the Board to prescribe the authority for the purposes of the said sub-clauses.

Clause 13 of the Bill seeks to substitute sub-section (3) of section 40A of the Income-tax Act which relates to expenses or payments not deductible in certain circumstances.

The proviso to the new sub section (3) provides that no disallowance shall be made and no payment shall be deemed to be the profits and gains of business or profession under this sub-section where any payment in a sum exceeding twenty thousand rupees is made otherwise than by an account payee cheque drawn on a bank or account payee bank draft in such cases and under such circumstances as may be prescribed.

It is proposed to empower the Board to prescribe by rules the cases and the circumstances under which disallowance may not be made or the payment may not be deemed to be the profits and gains of business or profession.

Clause 22 of the Bill seeks to amend section 80-IA of the Income-tax Act relating to deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development, etc.

Item (C) of sub-clause (iii) of clause 22 seeks to insert a new clause (vi) in sub-section (4) of section 80-IA so as to provide conditions to be fulfilled by an undertaking carrying on the business of laying and operating a cross-country natural gas distribution network for claiming deduction under the said section. Sub-clause (b) of the proposed clause (vi) lays down a condition that the undertaking approved by the Petroleum and Natural Gas Regulatory Board and notified by the Central Government is eligible for claiming such deductions.

Sub-clause (e) of the proposed clause (vi) provides that the undertaking should also fulfil any other condition that may be prescribed by the Board for claiming deductions under the said section.

It is proposed to empower the Board to provide by rules additional conditions to be fulfilled by the undertaking for the purposes of claiming deductions under the said section.

Clause 24 of the Bill seeks to insert a new section 80-ID in the Income-tax Act to provide for deduction in respect of profits and gains from business of hotels and convention centres in specified area.

Clause (iv) of sub-section (3) of the said section provides that the assessee shall furnish along with the return of income audit report in such form and containing such particulars as may be prescribed.

It is proposed to empower the Board to prescribe by rules the form and particulars of audit report for the purposes of the said section.

Clause 31 of the Bill seeks to amend section 115WC of the Income-tax Act which relates to valuation of fringe benefits. It is proposed to insert a new clause (ba) in sub-section (1) of the said section so as to provide that the valuation of the specified security or sweat equity shares is its fair market value as reduced by actual payment by or recovery from the employee. The explanation to the said clause defines the term "fair market value" to mean the value determined in accordance with the method as may be prescribed.

It is proposed to empower the Board to prescribe by rules the method for determining the fair market value.

Clause 36 of the Bill seeks to insert two new sections 139C and 139D in the Income-tax Act. Section 139C seeks to empower the Board to make rules for dispensing with furnishing of documents, etc., along with return. Section 139D seeks to empower the Board to make rules for the purposes of filing return in electronic form.

Clause 37 of the Bill seeks to amend section 142 of the Income-tax Act relating to inquiry before assessment.

Sub-clause (b) of clause 37 of the Bill seeks to insert a proviso in sub-section (2D) of the said section so as to provide that the expenses of any special audit directed by the Assessing Officer shall be determined by the Chief Commissioner or Commissioner in accordance with such guidelines as may be prescribed.

It is proposed to empower the Board to make rules to provide guidelines for the purposes of determining such expenses.

Clause 86 of the Bill seeks to substitute section 14 of the Customs Act relating to valuation of goods for purposes of assessment.

Sub-section (1) of the proposed section empowers the Central Government to determine by rules the transaction value of the imported goods and export goods. Sub-section (3) of proposed section also empowers the Central Government to determine by rules, the value of such goods where there is no sale of imported goods or export goods or where the transaction value of the goods is not determinable.

Clause 103 of the Bill seeks to substitute sub-section (1) of section 135 of the Customs Act relating to penalty for evasion of duty, etc.

The proposed sub-section (1), *inter alia*, empowers the Central Government to specify by notification categories of prohibited goods, offence relating to which shall be punishable.

Clause 125 of the Bill seeks to amend Chapter V of the Finance Act, 1994, relating to service tax.

Sub-clause (C) of the said clause seeks to amend sub-section (1) of section 70 of the said Act relating to furnishing of returns.

The proposed sub-section (1) of the said section additionally empowers the Central Government to prescribe amount of late fee not exceeding two thousand rupees, to be paid by an assessee, if there is a delay in furnishing return.

Sub-clause (G) of the said clause seeks to insert a new sub-section (1D) in section 95 of the said Act relating to removal of difficulties.

The proposed sub-section empowers the Central Government to issue order for removal of any difficulty which may arise in implementing, classifying or assessing the value of any taxable service incorporated by the proposed legislation. The proviso to the said sub-section seeks to provide that any such order shall not be made beyond a period of one year from the date of the assent to the Bill.

Clauses 8, 12, 92 and 111 also empower the Central Government to make rules for certain matters. Delegation of the powers has already been provided under the existing respective provisions proposed to be substituted with new provisions by the said clauses.

2. The matters in respect of which notifications may be issued or rules may be made in accordance with the aforesaid provisions of the Bill are matters of procedure and detail and it is not practicable to provide for the same in the Bill itself.

3. The delegation of legislative power is, therefore, of a normal character.

P. D. T. ACHARY
Secretary-General.

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